

ATTACHMENT O



Risk Placement Services, Inc. - Atlanta
Georgia 400 Center 2400 Lakeview Parkway, Suite 675
Alpharetta, GA 30009
Phone: 770-829-3320
Fax: 770-730-8410

June 29, 2017

AJG - Ridgeland/Jackson
750 Woodlands Parkway #200
Ridgeland, MS 39157

Attn: Peggy McCrory Peggy_McCrory@ajg.com

Insured: Arkansas Public School Insurance Trust and Participating Entities c/o Arkansas
Dept. of Insurance Risk Mngmnt. Div.
Policy #: 017728090
Policy Eff. Date: 7/1/2017

Dear Peggy,

Enclosed is the above captioned policy that was issued in accordance with our quotation and your binding instructions. Please be advised that our office has reviewed the policy, but please examine it to assure whether any corrections are needed.

Please also review the policy conditions and exclusions with your client, which are explained in the text of the policy. If the terms and conditions of this policy differ from those of the insured's prior policy, please assure that the differences have been outlined.

Should any corrections be needed, please notify our office as soon as possible so that we may request the appropriate endorsements.

Thank you for placing this valuable protection for your client with Risk Placement Services. If you have any questions, please do not hesitate to contact me.

Patrick Stevens
Patrick_Stevens@rpsins.com
(770) 829-3361

Commercial Property – Claim Reporting and Claim Questions

Options for Reporting a New Claim

- **Telephone :** **AIG CallOnesm:** 800-931-9546 24/7, 365 days/year
- **Email :** newloss-usproperty&energy@aig.com
- **Fax :** 855-805-4125
- **Internet :** Complete a Quick Claim form at <http://www.lexingtoninsurance.com/claims>
- **Mail :** P.O. Box 2310, Alpharetta, Georgia 30023-2310

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

Options for Questions Regarding Existing/Previously Reported Claims

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

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

Placed by:
Risk Placement Services, Inc.

NATIONAL UNION FIRE INSURANCE COMPANY
ADMINISTRATIVE OFFICES: 175 WATER STREET, 18TH FLOOR
NEW YORK, NY 10038
(hereinafter called the "Company")

COMMERCIAL PROPERTY POLICY DECLARATIONS

POLICY NUMBER: 017728090

RENEWAL OF: 017728090

ITEM 1. Named Insured: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND
PARTICIPATING ENTITIES C/O ARKANSAS INSURANCE
DEPARTMENT RISK MANAGEMENT DIVISION

Address: 1200 WEST 3RD STREET
LITTLE ROCK, AR 72201-1904

ITEM 2. Policy Period: From 07/01/2017 To 07/01/2018
at 12:01 AM Standard Time at the address of the named insured shown above.

ITEM 3. Limit of Insurance:
100% BEING \$1,000,000,000 PART OF \$1,000,000,000 PER OCCURRENCE AND IN THE
PRIMARY

Total Premium: \$2,328,396

Terrorism Premium: \$68,313 (included in Total Premium above)

Minimum Earned Premium: \$582,099

ITEM 4. Perils:
ALL RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE INCLUDING FLOOD, EARTH
MOVEMENT, TERRORISM AND EQUIPMENT BREAKDOWN/BOILER & MACHINERY AND AS
FURTHER DESCRIBED IN THE APPROVED POLICY FORM.

ITEM 5. Description of Property Covered: Coinsurance
AS DESCRIBED IN THE POLICY ATTACHED NOT APPLICABLE

ITEM 6. Mortgagee Clause: Loss, if any shall be payable to:
PER CERTIFICATES ON FILE WITH THE COMPANY

ITEM 7. Forms Attached:
SEE ATTACHED FORMS SCHEDULE

To Report a Loss

- Dial toll-free #1 (844)777-8323 or visit our
- Website: <https://my.rpsins.com/claimsfnol>
- Contact Insurer directly (see policy section)



Authorized Representative

FORMS SCHEDULE

Named Insured: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND PARTICIPATING ENTITIES
C/O ARKANSAS INSURANCE DEPARTMENT RISK MANAGEMENT DIVISION

Policy No: 017728090

Effective Date: 07/01/2017

<u>Form Number</u>	<u>Edition Date</u>	<u>Endorsement Number</u>	<u>Title</u>
PRPDEC	12/15		COMMERCIAL PROPERTY POLICY DECLARATIONS
			MANUSCRIPT POLICY FORM
		A	AMENDATORY ENDORSEMENT (BROKER ENDT)
		B	REQUIREMENT IN CASE OF A LOSS ENDORSEMENT (BROKER ENDT)
		C	APSIT PROPERTY CLAIM PROTOCOL (BROKER ENDT)
		D	CABOT LOCATION ENDORSEMENT (BROKER ENDT)
		E	AMENDATORY ENDORSEMENT (BROKER ENDT)
		F	SCHEDULE OF SCHOOL DISTRICT ENTITY RETENTIONS (BROKER ENDT)
			BUSINESS INTERRUPTION ENDORSEMENT GROSS EARNINGS/RENTS/EXTRA EXPENSE (BROKER ENDT)
PR8543	06/15	001	TERRORISM PREMIUM CHARGE ENDORSEMENT WITH EXCLUSION FOR BIOLOGICAL AND/OR CHEMICAL TERRORISM
PR4225	07/13	002	ECONOMIC SANCTIONS ENDORSEMENT
PR9015	04/16	003	POLLUTION, CONTAMINATION, DEBRIS REMOVAL EXCLUSION ENDORSEMENT
Y69813	02/98	004	COMBINED PROPERTY/BOILER & MACHINERY MILLENNIUM ENDORSEMENT
PR4409	07/15	005	HIGH HAZARD EARTHQUAKE ZONES NEW MADRID AND PACIFIC NORTHWEST

PR9019	08/15	006	STANDARD PROPERTY CONDITIONS
NMA2918	08/01	007	WAR AND TERRORISM EXCLUSION ENDORSEMENT
PR9514	07/14	008	CYBER EXCLUSION WITH LIMITED EXCEPTIONS ENDORSEMENT
PR8530	08/09	009	MOLD / FUNGUS EXCLUSION

POLICYHOLDER NOTICE

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

SUPPLEMENTAL DECLARATIONS

POLICY LIMITS:

This Company's Maximum Liability in any one Occurrence as a result of all covered loss or damage regardless of the number of locations, coverages, or perils insured under this Policy shall not exceed \$1,000,000,000 any one occurrence subject to the following sub-limits. Policy Sub-Limits do not increase the policy limit of \$1,000,000,000.

POLICY SUB-LIMITS:

The following sub-limits of liability will apply on a per occurrence basis for all coverages provided, unless otherwise stated below, and are part of, not in addition to, the above limit(s) of liability.

For Annual Aggregate sub-limits the policy year will begin at the inception date of this policy and be concurrent with the anniversary dates of this policy.

1. a. \$100,000,000 Earth Movement (Annual Aggregate, for all coverages provided)
except:
 - b. \$50,000,000 Earth Movement (Annual Aggregate for New Madrid Earthquake Zone Counties (**See Section G – Definitions – Earth Movement Counties**))
2. a. \$100,000,000 Flood (Annual Aggregate, for all coverages provided) except;
b. \$ 0 Flood (Annual Aggregate, for all coverages provided) in Zone A locations, Special Flood Hazard Areas (SFHA).
3. \$10,000,000 Debris Removal
4. \$ 1,000,000 Property Removed from Described Locations
5. \$ 1,000,000 Protection and Preservation of Property
6. \$ 5,000,000 Mobile Equipment
 - a. *Includes transit as well as over the road coverage / collision*
 - b. *Coverage applies for all Perils Insured under this Policy, including Flood and Earthquake.*
7. \$ 250,000 Fire Fighting Materials and Expenses
8. \$ 5,000,000 Professional Fees
9. \$ 1,000,000 Expediting Expenses
10. \$ 100,000 Land and Water Clean Up Expense (Annual Aggregate, for all coverages provided) – **Named Perils Only**
11. \$10,000,000 Newly Acquired Property – 90 Days Reporting
12. \$ 1,000,000 Unnamed Locations Coverage
13. \$ 1,000,000 Fine Arts / Collections – Subject to Schedule on File
14. \$ 5,000,000 Accounts Receivable
15. \$10,000,000 Valuable Papers and Records
16. \$ 250,000 Electronic Data Processing, Data and Media-Property Damage

SUPPLEMENTAL DECLARATIONS

17. Demolition and Increased Cost of Construction:		
Policy Limit		Item A: Undamaged Portion
\$ 25,000,000		Item B: Demolition
\$ 25,000,000		Item C: Compliance with the Law
\$ 1,000,000		Item D: Business Interruption
18.	\$ 10,000,000	Errors and Omissions
19a.	\$ 1,000,000	Personal Property in Transit – DOES NOT INCLUDE MOBILE EQUIPMENT (refer to Mobile Equipment sub-limit above) Except;
19b.	\$ 250,000	Transit as regards Fine Arts / Collections
20a.	\$1,000,000,000	United States Certified Act of Terrorism Coverage
20b.	Not Covered	Terrorism Coverage for Locations Outside of the United States (Annual Aggregate, for all coverages provided)
21.	\$ 2,500,000	Off-Premises Service Interruption – Property Damage/Business Interruption – Combined Limit - Includes but not limited to telephone and telecommunication; to include overhead and transmission lines for indirect (Business Interruption/Extra Expense Only) subject to \$1,000,000 Food Spoilage Sub-Limit; In the event of loss or damage covered by this policy, no coverage is provided unless the service interruption exceeds 24 hours beginning from the time of loss or damage covered by this policy. If the service interruption exceeds 24 hours, the loss will be calculated from the time of loss or damage covered by this policy, subject to the policy retention.
22.	\$ 100,000	Arson or Theft Reward
23.	\$ 50,000	Money and Securities
24.	\$ 100,000	Locks and Keys
25.	\$ 100,000	Tenants Legal Liability and Expense
26.	\$1,000,000	Soft Costs
27.	\$ 250,000	Fungus, Mold, Mildew
28.	\$ 2,500	Per employee, per occurrence for Personal Property of others.
29.	\$5,000,000	Property in the course of construction.

SUPPLEMENTAL DECLARATIONS

- Business Interruption – Policy Sub-Limits:

A.	N/A	Gross Earnings, Rents, and Expense to Reduce Loss
B.	\$25,000,000	Extra Expense Per Occurrence
C.	N/A	Gross Earnings From Property in Transit
D.	N/A	Days of Ordinary Payroll
E.	Up to 30 Days	Days of Civil Authority
F.	\$ 10,000	Contingent Business Interruption
G.	N/A	Research and Development Expense
H.	100,000	Ingress/Egress (1 Mile Limitation)
I.	N/A	Tax Treatment
J.	N/A	Days of Extended Period of Indemnity
K.	Included in	Off Premises Service Interruption – Business Interruption

Policy Sublimit 21

The above Policy sub-limits of liability will be the maximum payable for property damage and business interruption (if applicable) resulting from such property damage, or any combination thereof.

With respect to item E. the number of days is part of and not in excess to any other outstanding sub-limits of liability.

MAXIMUM AMOUNT PAYABLE: In the event of loss under the policy, the liability of the Insurer(s) shall be limited to the least of the following:

- a.) The actual adjusted amount of loss, less applicable deductible(s).
- b.) Any other Limit of Liability or Sublimit of Insurance or Amount of Insurance specifically stated in this policy to apply to any particular insured loss or coverage or location.
- c.) The Agreed Amount values stated in the latest Statement of Values or other documentation on file with the Insurer(s) separately for each of the following categories: Mobile Equipment, **Fine Arts/Collections**, Real Property and Business Personal Property.

PROPERTY COVERAGE FORM

A. PERILS INSURED

This policy insures against all risks of direct physical loss or damage to insured property except as excluded under this policy.

B. PROPERTY INSURED

This policy insures the following property, if shown in the declarations section, at or within 1000 feet of a described location, unless excluded, that the insured

- i) Owns;
- ii) Operates;
- iii) Controls; or
- iv) Is under the obligation to insure for direct physical loss or damage, to the extent of such obligation.

1. Real Property

If this policy insures real property it includes;

- a. New construction;
- b. Additions under construction;
- c. Alterations and repairs to buildings or structures;
- d. Materials, equipment and supplies for new construction, additions, buildings or structures;
- e. Temporary structures;
- f. Machinery, equipment, and fixtures that are permanently attached to the building;
- g. Personal property that is used to maintain or service the building;
- h. Pedestrian Bridges;
- i. 250 Square Foot or less Buildings, not specifically scheduled but on the Insured's premises, and if not covered by other insurance.

2. Personal Property

If this policy insures personal property, it includes, but is not limited to:

- a. Machinery and Equipment;
- b. **Raw materials** and Stock;
- c. Furniture and Fixtures;
- d. **Electronic Data Processing equipment;**
- e. **Processing water;**
- f. Molds and Dies;
- g. Property in the yard;

PROPERTY COVERAGE FORM

- h. Improvements and Betterments in which the Insured has an insurable interest;
- i. The Insured's interest in and legal liability for property of others, while at a **described location**.

C. POLICY SUB-LIMITS:

The following coverage applies subject to the terms and conditions of this policy, and to the extent shown in the supplemental declarations section.

1. Earth Movement:

- a. This policy is extended to cover direct physical loss or damage to insured property caused by or resulting from **earth movement**. If more than one earth movement shock occurs within any period of 168 hours during the term of the policy, such shocks will be considered to constitute a single earth movement.

This policy does not pay for **earth movement** commencing before the effective or after the expiration date and time of this policy. Liability for such loss or damage by **earth movement** will not exceed the annual aggregate sub-limit as specified in the declarations section in any one policy year.

- b. This coverage does not apply to:

- 1) Unnamed Locations; and
- 2) Errors and Omissions.

Coverage provided by this extension is limited to property while located within the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada.

2. Flood:

- a. This policy is extended to cover direct physical loss or damage to insured property caused by or resulting from flood.

This policy does not pay for flood commencing before the effective or after the expiration date and time of this policy. Liability for such loss or damage by flood will not exceed the annual aggregate sub-limit as specified in the Supplemental Declarations in any one policy year.

- b. This coverage does not apply to:

- 1) Unnamed Locations; and
- 2) Errors and omissions.

Coverage provided by this extension is limited to property while located within the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada.

3. Debris Removal:

This policy covers the reasonable and necessary expense of removal of debris from a **location** remaining as a direct result of direct physical loss or damage insured by this policy to insured property.

There is no coverage for the expense of removing or disposing of:

- a) Contaminated uninsured property; or
- b) The contamination in or on uninsured property;

Whether or not the contamination resulted from direct physical loss or damage insured by this policy.

Contamination includes, but is not limited to, **pollutants**.

PROPERTY COVERAGE FORM

c) Tree(s), unless tree(s) cause damage to real or personal property at an insured location, and expense is provided only for tree(s) that have caused the damage.

4. Property Removed from Described Locations:

This policy covers insured property when removed from a **location** in order to avoid or prevent immediately impending direct physical loss or damage insured by this policy to insured property.

This coverage does not include property covered by other insurance.

This coverage applies for a period:

- a) Of 180 days from the date of removal; but
- b) Not beyond the termination or expiration date of this policy.

5. Protection and Preservation of Property:

This policy covers the reasonable and necessary costs incurred to temporarily protect or preserve insured property, at a **location** in order to avoid or prevent immediately impending direct physical loss or damage insured by this policy to insured property.

This coverage does not cover costs incurred to temporarily protect or preserve property to avoid or prevent immediately impending physical loss or damage covered by Section C., Policy Sub-limits, Item 20. **Terrorism**.

6. Mobile Equipment:

This policy is extended to cover direct physical loss or damage to Mobile Equipment. This coverage shall include transit as well as over the road/collision. Coverage applies for all risks of direct physical loss or damage to insured property except as excluded under this policy, including **Flood** and **Earth Movement**, while on Insured's premises or offsite.

7. Fire Fighting Materials and Expenses:

This policy is extended to cover expenses:

- a) Incurred by the Insured to replace fire extinguishing materials:
 - i. Lost;
 - ii. Expended; or
 - iii. Destroyed
- and
- b) For fire-fighting expenses incurred by or imposed upon the Insured in connection with insured property. There will be no coverage for charges incurred for false alarm.

8. Professional Fees:

This policy is extended to cover the reasonable fees paid to:

- a) Auditors;
- b) Accountants;
- c) Architects;
- d) Engineers; or
- e) Other professionals;

PROPERTY COVERAGE FORM

for producing and certifying particulars or details of the Insured's business in order to determine the amount of loss payable under this policy.

There will be no coverage for the expenses of:

- 1) Attorneys;
- 2) Public adjustors, loss appraisers, loss consultants, or any of their subsidiaries or associated entities;
- 3) The Insured's own employees.

9. Expediting Expenses:

- a) This policy is extended to cover Expediting Expenses which are the reasonable and necessary costs to:
 - i. Make temporary repairs to, or
 - ii. Expedite the permanent repair or replacement of:

Insured property that has sustained direct physical loss or damage insured by this policy.

- b) Expediting Expenses do not include:
 - i. Expenses payable elsewhere in the policy, or
 - ii. The cost of permanent repair or replacement.

10. Land and Water Clean Up Expense:

This policy is extended to cover reasonable and necessary expense to remove, dispose of or clean up contaminants from land or water at a **location** when such land or water is contaminated or polluted due to **Named Perils** only insured by this policy.

There will be no coverage unless such expenses are reported to the company within 180 days of the date of direct physical damage.

Contaminants include, but are not limited to, **pollutants**.

11. Newly Acquired Property:

This policy is extended to cover property that is newly acquired.

This coverage terminates:

- a) When the newly acquired property is reported to the company; or
- b) 90 days after the date of acquisition; or
- c) At the termination or expiration of this policy;

Or whichever occurs first.

There will be no coverage provided under this extension for property while in transit.

Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada.

The specified sub-limit for this policy sub-limit is the maximum amount payable in any one occurrence regardless of the number of locations, coverage or extensions of coverage. The policy sub-limit cannot be combined with any other sub-limits in this policy.

PROPERTY COVERAGE FORM

12. Unnamed Locations:

This policy is extended to cover Insured property:

- a) At a place other than a described location, a Newly Acquired Property; and
- b) Not otherwise insured, including but not limited to:
 - i. Stock Stored Off-Site
 - ii. Property at Exhibitions
 - iii. Salespersons Samples
 - iv. Office, Manufacturing and Other Equipment Off-Site.

There will be no coverage provided under this extension for property in transit.

Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada.

The specified sub-limit for this extension of coverage is the maximum amount payable in any one occurrence regardless of the number of locations, coverage or extensions of coverage. The sub-limit for this extension of coverage cannot be combined with any other sub-limits in this policy.

13. Fine Arts / Collections:

This policy is extended to cover **fine arts** / collections at a **location**, subject to schedule on file.

There will be no coverage for:

- a) Breakage of any **fine arts** / collections unless the breakage results from a **named peril**.
- b) Loss or damage to any **fine arts** / collections as a result of restoring, repairing or retouching processes.

14. Accounts Receivable:

This policy is extended to cover amounts due the Insured from customers, which the Insured is unable to collect, as a result of direct physical loss or damage insured by this policy to accounts receivable records.

Coverage includes:

- a) Interest charges on any loan to offset impaired collections pending repayment of sums that cannot be collected.
- b) Collection expenses in excess of normal collection costs.
- c) Other reasonable expenses incurred by the Insured in recreating records of accounts receivable.

15. Valuable Papers and Records:

This policy is extended to cover **valuable papers and records**.

16. Electronic Data Processing (EDP) Media and Data Property Damage:

This policy is extended to cover:

- a) **EDP media**; and
- b) **EDP data**.

17. Demolition and Increased Cost of Construction:

- a) This policy is extended to cover the following when incurred by the Insured as a direct result of enforcement of a law or ordinance, when the law or ordinance:
 - i. Regulates the demolition, construction, repair, replacement or use of buildings or

PROPERTY COVERAGE FORM

structures;

- ii. Is enforced as a direct result of direct physical loss or damage insured by this policy at a **location**; and
- iii. Is in force at the time of such loss or damage.

Coverage is provided for:

Item A: The value of the physically undamaged portions of the insured buildings or structures when those portions are demolished;

Item B: The cost to demolish and clear any physically undamaged portions of the insured buildings or structures;

Item C: The cost incurred to actually rebuild the physically damaged and the undamaged portion, whether or not demolition is required, of such insured buildings or structures with materials and in a manner to comply with the minimum requirement of the law or ordinances;

Item D: The Business Interruption (if covered) loss during the additional time required for making the changes to the building or structures in coverage A, B and C above.

- b) There will be no coverage for:
 - i. The cost required by the enforcement of any law or ordinance regulating any form of contamination , including but not limited to, **pollution; fungus; mold or mildew**.
 - ii. The cost to comply with any law or ordinance with which the Insured was required to comply had the direct physical loss or damage not occurred.
 - iii. Vacant or Unoccupied Locations are subject to the terms and conditions in Section F., General Conditions, Item 7.

18. Errors and Omissions:

This policy is extended to cover direct physical loss or damage that would not be payable solely because of an error or unintentional omission:

- a) In the description or address of a property, insured by this policy, which existed: at the inception date of this policy; or in any subsequent amendments to this policy.
- b) Through failure to include any location:
 - i. Owned;
 - ii. Occupied; or
 - iii. Newly acquired;
- c) By the Insured at the inception date or during the term of this policy which results in cancellation of insured property under this policy.

Coverage applies to the extent this policy would have provided coverage, had the error or unintentional omission not been made.

There will be no coverage:

- 1) If coverage is found in whole or in part elsewhere in this policy:

Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada.

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19. Personal Property in Transit:

- a) This policy is extended to cover the following Personal Property, not otherwise excluded, while in transit within the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada:
 - i. Personal Property owned by the Insured.
 - ii. Personal Property of others to the extent of the Insured's interest or legal liability while in the actual or constructive custody of the Insured.
 - iii. Personal Property shipped to others on Free on Board (FOB), Coast and Freight (C&F), or similar terms. The Insured's contingent interest in such shipments is admitted.

- b) This extension includes:
 - i. Direct physical loss or damage to insured Personal Property occasioned by:
 - 1. Acceptance of fraudulent bills-of-lading, shipping or messenger receipts by the Insured, Insured's agent, customer or consignee(s).
 - 2. Any unauthorized person(s) representing themselves to be the proper party(s) to receive the Personal Property for shipment or to accept it for delivery.
 - ii. General average and salvage charges on shipments covered while waterborne.

- c) There will be no coverage for:
 - i. Personal Property shipped by mail.
 - ii. Shipments by air unless made via regularly scheduled airlines.
 - iii. Waterborne shipments via the Panama Canal or waterborne shipments to and from:
 - 1. Alaska
 - 2. Hawaii
 - 3. Commonwealth of Puerto Rico
 - 4. Virgin Islands
 - iv. Any transporting vehicle
 - v. Personal Property excluded elsewhere in this policy.

- d) Coverage begins:
 - i. From the time the Personal Property leaves the original point of shipment for the commencement of transit; and
 - ii. Continuously in the due course of transit;Until delivered at destination.

- e) Additional exclusions, conditions and provisions:
 - i. Coverage is excluded for any consequential loss beyond the direct physical loss or damage to the insured Personal Property.
 - ii. Coverage is excluded for Personal Property insured under any import or export ocean marine insurance. Coverage on export shipments not insured under ocean marine policies does not extend beyond the time when the Personal Property is loaded on board overseas vessel or aircraft. Coverage on import shipments not insured under ocean cargo policies does not attach until after discharge from overseas vessel or aircraft.
 - iii. Permission is granted to the Insured, without prejudice to this insurance, to accept ordinary bills of lading used by carriers, including:

PROPERTY COVERAGE FORM

1. Released and/or undervalued bills of lading.
2. Shipping or messenger receipts.
- iv. The Insured may waive subrogation against railroads under sidetrack agreements.
- v. The Insured may not enter into any special agreement with carrier releasing them from their common law or statutory liability.

20. Terrorism:

This policy covers direct physical loss or damage to insured property caused by or resulting from **terrorism**, but only at a described **location(s)**.

Any act which satisfies the definition of **terrorism** provided in Section G. Definitions, or in any **terrorism** endorsement to this policy, will not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk which may be covered elsewhere in this policy. Amounts recoverable under this Additional Coverage are excluded from coverage elsewhere in this policy.

If any Business Interruption Endorsement is part of this policy, any coverage provided by any such endorsement or by any extension of such coverage will not apply to any loss resulting from the **actual cash value** portion of direct physical loss or damage by fire caused by or resulting from **terrorism**.

This Additional Coverage does not cover loss or damage which also comes within the terms of the hostile or warlike action exclusion of Section E., Perils Excluded, Group 1, Item 2.a.

This Additional Coverage does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event, whether or not insured under this policy contributing concurrently or in any other sequence to the loss:

- a) The use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- b) It is carried out by means of dispersal or application of pathogenic or poisonous biological or chemical materials; or
- c) Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the **terrorism** was to release such materials; or
- d) Action taken to prevent, defend against, respond to or retaliate against **terrorism** or suspected **terrorism**.

21. Off-Premises Service Interruption – Property Damage:

This policy is extended to cover physical loss or damage as a direct result or interruption of the following incoming and outgoing services. The loss of such services must be a direct result of direct physical loss or damage insured by this policy to property not excluded by this policy.

Covered services are incoming electric, gas, fuel, steam, water, refrigeration, and outgoing sewerage, telephone and telecommunication.

There will be no coverage for; deliberate act(s) by the supplying utility to shed load to maintain system integrity, **flood** or **earth movement** whether or not such coverage is provided elsewhere in this policy, any loss caused by or resulting from loss or damage to satellites, and any loss resulting from physical loss or damage to property caused by or resulting from **terrorism**. Resultant and concurrent interruptions will be considered as one event.

22. Arson or Theft Reward:

This policy is extended to cover payment of any reward offered on the insured's behalf for information that leads to conviction of the perpetrator(s) of:

PROPERTY COVERAGE FORM

- a) Arson; or
- b) Theft;

To insured property.

The company's total liability for any one occurrence will not exceed the lesser of:

- a) The sub-limit of liability shown in the declarations section; or
- b) Ten Percent (10%) of the direct physical loss or damage to insured property.

The company's payment of this reward will not increase regardless of the number of informants providing information that leads to a conviction.

This coverage does not cover payment of any reward offered on the Insured's behalf for information that leads to the conviction of the perpetrators of **terrorism** whether direct or indirect.

23. Money and Securities:

This policy is extended to cover direct physical loss or damage to **money** and **securities** by **Named Perils** only insured by this policy.

24. Locks and Keys:

This policy is extended to cover the reasonable and necessary expense incurred by the Insured for replacing locks and keys by direct physical loss or damage insured by this policy.

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

25. Tenants Legal Liability and Expense:

This policy is extended to cover direct physical loss or damage by **named perils** to that part of buildings of others, including permanently attached building fixtures, leased to and occupied by the Insured at a described **location** to the extent of the Insured's legal liability for such loss or damage.

- a) Coverage provided by this extension of coverage includes the following as respects any suit alleging loss or damage to that part of such buildings of others leased to and occupied by the Insured. The following are within and not in addition to the sub-limit of liability:
 - i. Reasonable expenses of defending the Insured against only that part of any suit alleging such physical loss or damage to that part of such buildings of others leased to and occupied by the Insured;
 - ii. Reasonable expenses incurred by this company, this company's proportionate share of costs taxed against the Insured in any suit, and this company's proportionate share of interest accruing after entry of judgment until this company has paid, tendered or deposited into court its proportionate share of such judgment;
 - iii. Reasonable expenses, other than loss of earnings, incurred at this company's request.
- b) Additional exclusions:

This extension does not cover:

- i. Any loss resulting from physical loss or damage to any property caused by or resulting from **terrorism, Flood or Earth Movement**.
- ii. Errors and Omissions;

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- iii. Any legal liability for loss or damage assumed by the Insured under any contract or agreement, whether oral or written, expressed or implied; and
 - iv. That part of any settlement by the Insured to which this company has not given its prior written consent.
- c) Additional Provisions:
- i. The specified sub-limit is the maximum amount payable in anyone occurrence regardless of the number of locations, coverage or extensions of coverage. The sub-limit for this extension of coverage cannot be combined with any other sub-limits in this policy.
 - ii. This company may investigate, negotiate and settle any claim or suite as this company deems expedient and shall not be obligated under this coverage for failure to settle for any amount within the remaining sub-limit of liability.
 - iii. This company may pay, lender or deposit into court the remaining sub-limit of liability in full satisfaction of its liability under this coverage, and thereby terminate any further liability for any amount in paragraph a. above.

26. Soft Costs for Property in the Course of Construction/Renovation:

This policy is extended to cover **soft costs** as a result of direct physical loss or damage insured by this policy to insured property at **locations** undergoing alterations or additions to existing property and property in the course of construction. This coverage applies from the time of such physical loss or damage until the property is restored to the same degree of completion as existed prior to the physical loss or damage but for no more than 365 consecutive days from the date of such physical loss or damage.

27. Fungus, Mold or Mildew:

This policy is extended to cover the direct physical loss or damage to insured property caused by or resulting from fungus, mold or mildew, when fungus, mold or mildew is the direct result of direct physical loss or damage insured by this policy. This coverage includes any cost or expense to clean up, remove, contain, treat, detoxify or neutralize fungus, mold or mildew from insured property resulting from such loss damage.

28. Personal Property of Employees:

This policy is extended to cover Personal Property of officers, directors, and employees of the insured, while at a described location; unless otherwise scheduled on each statement of value for each public school district. This does not apply to business personal property of others while in the care, custody, or control of the insured or where the insured is contractually obligated to insure.

D. PROPERTY EXCLUDED

This policy does not insure the following property unless coverage is specifically included in Section C., Policy Sub-limits, or elsewhere in this policy:

1. Land, water, or any substance in or on land, pavement and roadways, trees, shrubs, plants and lawns, growing crops or standing timber, and animals.
2. Bridges and tunnels used for vehicular traffic, reservoirs, canals and dams.
3. Furs and fur garments; jewels, jewelry, watches, pearls; precious and semi-precious stones, gold, silver, platinum and other precious metals and alloys; all for loss caused by theft. This

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exclusion does not apply to precious metals and precious stones used by the Insured for industrial purposes.

4. Currency, **money**, notes, **securities**, accounts, bills, tickets, tokens, evidences or debt.
5. **Electronic data processing media** and **data, valuable papers and records**, and **fine arts**.
6. Motor vehicles licensed for highway use or owned by officers and employees of the insured.
7. Satellites, aircraft and unmanned aircraft systems – drones (UAS).
8. Personal property sold by the Insured under conditional sale, trust agreement, installment payment, or deferred payment plan after delivery to the customer.
9. Personal property in the custody of the Insured acting as a warehouseman, bailee for hire, or carrier for hire.
10. Underground mines, caverns, and mining property within the foregoing,
11. Property while in transit.
12. Underground pipes, cables, tanks, flues, vaults, caskets and drains.

E. PERILS EXCLUDED

GROUP I. This policy does not insure against loss or damage caused directly or indirectly by or resulting from any of the following. Loss or damage is excluded regardless of any other cause or event whether or not insured under this policy that contributes concurrently or in any sequence to the loss or damage.

1. Nuclear reaction or nuclear radiation or radioactive contamination. However:
 - a. If physical damage by fire or sprinkler leakage results, then only that resulting damage is insured but not including any loss or damage due to nuclear reaction or nuclear radiation or radioactive contamination.
 - b. This policy does insure against physical loss or damage directly caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted at **location**, provided that at the time of such loss or damage there is neither a nuclear reactor nor any new or used nuclear fuel at the **location**. Such coverage does not apply to any act, loss or damage excluded in Section E., Perils Excluded, Group I, Item 2 f.
2.
 - a) Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by:
 - i. Any government or sovereign power (de jure or de facto);
 - ii. Any military, naval or air forces; or
 - iii. Any agent or authority of any party specified in (1) or (2) above.
 - b) Discharge, explosion, or use of any nuclear device, weapon, or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war, and regardless of who commits the act.
 - c) Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an event.
 - d) Seizure or destruction under quarantine or customs regulation, or confiscation by order of

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government or public authority.

- e) Risks of contraband or illegal transportation or trade.
- f) **Terrorism**, including action taken to prevent, defend against, respond to or retaliate against **Terrorism** or suspected **Terrorism**, except to the extent provided in Section C, Policy Sub-limits, 20 **Terrorism**. However, if direct loss or damage by fire results from any of these acts (unless committed by or on behalf of the insured), then this Policy covers only to the extent the Actual Cash Value of the resulting direct loss or damage by fire to property insured. This coverage exception for such resulting fire loss or damage does not apply to any coverage provided in any Business Interruption Endorsement, if any, which may be a part of this Policy, or any extension of such coverage, or to any other coverage provided by this Policy.

Any act which satisfies the definition of **Terrorism** provided in Section G, Definitions, or in any **Terrorism** Endorsement to this policy, shall not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage which may be covered elsewhere in this Policy.

If any act which satisfies the definition of **Terrorism** provided in Section G, Definitions, or in any **Terrorism** Endorsement to this policy, also comes within the terms of the hostile or warlike action exclusion of this Policy in Section E, Group I, 2.a., the hostile or warlike action exclusion applies in place of this exclusion.

If any act excluded herein involves nuclear reaction, nuclear radiation or radioactive contamination, this exclusion applies in place of the nuclear hazard exclusion of this Policy, Section E, Group I, 1.

- 3. Loss of market; loss of use; damage or deterioration arising from any delay, whether such delay is caused by a peril insured against or otherwise; loss caused by any legal proceeding.
- 4.
 - a) Misappropriation;
 - b) Conversion;
 - c) Infidelity; or
 - d) Any dishonest act;

Whether committed alone or in collusion with others at any time, on the part of the Insured or any additional interest, employees, directors, officers, or agents of the Insured, or any person to whom the property may be entrusted (bailees for hire excepted). A willful act of destruction committed by employees of the Insured or others listed above, without the knowledge of the Insured, resulting in physical damage, is covered. Such coverage does not apply to any act excluded in Section E., Perils Excluded, Group I, Item 2 f. However, theft by employees of the Insured or others listed above is not covered.

- 5.
 - a) Unexplained loss, mysterious disappearance, or loss or shortage disclosed on taking inventory; except that this exclusion will not apply to property while in the custody of any bailee.
 - b) The voluntary parting with title or possession of property if induced by any fraudulent act or by false pretence.

This exclusion does not apply to coverage provided in Section C., Policy Sub-limits, Item 19. Transit.

- 6. The lack of power or other incoming service supplied from off a **location**. If direct physical loss or damage insured by this policy results to insured property, the resulting damage is covered.
- 7. **Earth Movement**, except as provided in Section C., Policy Sub-limits, Item 1. **Earth**

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Movement. Loss by fire, explosion or sprinkler leakage ensuing from **earth** movement is covered by this policy.

This exclusion does not apply to coverage provided in Section C., Policy Sub-limits Item 19 Transit.

8. Indirect or remote loss, or consequential loss or damage.
9. The failure or malfunction of any **Exterior Insulation and Finish System (EIFS)** or the cost to repair the **EIFS**, including loss or damage caused by:
 - a) Water penetration from any source;
 - b) Failure of sealants in any form;
 - c) Leaching of any kind;
 - d) Discoloration of the exterior paint or finish, or
 - e) Damage to materials between the **EIFS** and the interior finish of the building; damage to the interior finish of the building.

Any other loss or damage resulting from the failure or malfunction of the **EIFS** to prevent migration of water into the structure is excluded unless fire, explosion, or sprinkler leakage results, in which case this policy covers only the damage caused by the fire, explosion, or sprinkler leakage.

10. **Fungus, mold or mildew**, except as provided in Section C., Policy Sub-limits, item 27.
11. Bookkeeping, accounting, or billing error or omission: alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable: committed to conceal the wrongful giving, taking, obtaining or withholding of **money, securities**, and/or other property as respects to Section C., Policy Sub-limit, Item 14. Accounts Receivable.
12. Costs, expenses, fines or penalties incurred or sustained by or imposed on the Insured at the order of any government agency, court or other authority arising from any cause whatsoever.
13. Loss or damage arising out of:
 - a. Building or any part of a building that is in danger of falling down or caving in,
 - b. Any part of a building that has separated from another part of the building, or
 - c. A building or any part of a building that is standing which shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.However, the Company does cover loss or damage arising out of Collapse.
14. Loss or damage caused by Equipment Breakdown to vehicles or any equipment on vehicles, draglines, or excavation or construction equipment.
15. This policy does not cover the interests of a contractor to the extent that the insured has agreed, prior to loss, to keep such interests insured.

GROUP II. This policy does not insure against loss or damage caused by the following; however, if direct physical loss or damage insured by this policy results, then that resulting direct physical loss or damage is covered.

1. Wear and tear, deterioration, inherent vice, latent device, vermin or insects.
2. Defects in materials, faulty workmanship, faulty construction or faulty design.
3. Loss or damage to stock or materials attributable to manufacturing or processing operations while such stock or materials are being processed, manufactured, tested, or otherwise being worked upon.
4. Dampness or dryness of atmosphere; changes of temperature: freezing, except damage to fire protective equipment caused by freezing; heating shrinkage; evaporation; depletion; erosion;

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loss of weight; change in color, flavor, texture or finish; rust; corrosion

5. Contamination, including but not limited to **pollution**.
6. Settling, cracking, shrinkage, bulging, or expansion of:
 - a) Foundations;
 - b) Walls;
 - c) Floors;
 - d) Roofs;
 - e) Ceilings.
7. Exposure to rain, sleet, snow, sand, or dust to personal property in the open.

F. GENERAL CONDITIONS:

1. First Named Insured:

The First Named Insured shown in the declarations section:

- a) Is responsible for the payment of all premiums
- b) Will be the payee for any return premiums
- c) May authorize changes in the terms and conditions of this policy with the consent of the company.

This policy's terms can be amended or waived only by endorsement issued by this company and made a part of this policy.

Loss or damage will be adjusted with the first named Insured and payable to or as the first named Insured directs subject to: mortgagee; lender; or similar interests; as their interest may appear as shown on the certificates of insurance issued prior to loss by the insured's broker and on file with this company. The effective date of any interests will be the issue date of the certificates unless a later date is specified on the certificate of insurance.

2. Inspections:

This company, at all reasonable times, will be permitted, but will not have the duty, to inspect property.

This company's:

- a) Right to make inspections; or
- b) Making of inspections or inspection reports;

Will not constitute an undertaking, on behalf of or for the benefit of the named Insured or others, to determine or warrant that any property is safe or healthful.

3. Examination of Books and Records:

This company or its duly appointed representative will be permitted to:

- a) inspect the insured property;

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- b) Examine and audit books and records;

As they relate to this policy:

- a) Any time during the policy period.
b) Up to three years after the expiration of coverage.

4. No Benefit to Bailee:

No person or organization, other than the Insured, having custody of insured property will benefit from this insurance.

5. Control of Property:

This policy will not apply to any **location** where there is an increase in hazard over which the Insured has control and knowledge. Any increase in hazard at one or more **locations** will not affect coverage at other **locations** where, at the time loss or damage, the increase in hazard does not exist.

6. Retentions / Deductibles Clause:

a) Application of Aggregate Retention and Deductibles:

1. For the annual period commencing with the effective date of this policy and each annual period thereafter, this company will not be liable for loss to covered property until the Insured sustains a loss or losses that exceeds the aggregate retention of \$3,000,000, regardless of the number of locations affected and only after the applicable School District Entity retentions outlined in Endorsement F are satisfied for each loss that would have been payable under this policy.

2. If the Insured's aggregate retention of \$3,000,000 is exceeded during any applicable policy year, the School District Entity retention amounts outlined in Endorsement F will apply for each loss under this policy for the remaining unexpired term of that policy year. Each School District Entity retention shall apply in the event an occurrence involves more than one than School District Entity.

3. Any subsequent recoveries on losses reported to the company for purposes of arriving at the Insured's aggregate retention will be applied as if they were received prior to the payment of any loss. For purposes of this coverage, the term "aggregate retention" will mean the total of the Insured's net self-insured retention per claim after the application of all salvage, subrogation, or other recoveries have been realized. Any subrogation or recovery received after the Insured's aggregate retention has been paid shall be remitted directly to the company from the School District Entity or other applicable source.

4. Losses caused directly by **Earth Movement, Flood, Boiler and Machinery, or Money and Securities**, if such coverage is provided, will not be included in the aggregate retention of losses retained by the Insured described in the first paragraph of this aggregate retention section and such losses will be subject to the respective deductibles for **Earth Movement, Boiler and Machinery, Money and Securities and Flood**.

5. Each applicable School District Entity retention, for each loss, shall apply separately as outlined in Endorsement F. However, the maximum per occurrence School District Entity retention applied shall not exceed the largest applicable retention, if multiple retentions apply.

b) Other Loss Category Deductibles

The following deductible amounts shall apply per occurrence for loss or damage under this policy as outlined in the loss categories below:

1. All Risks of Direct Physical Loss or Damage School District Entity Retention per Occurrence:

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Retentions ranging from \$1,000 to \$10,000, as applicable to various School District Entities separately as outlined in Endorsement F, shall apply for each loss that is payable under this policy. Each applicable School District Entity retention shall apply in the event an occurrence involves more than one School District Entity.

All risks of direct physical loss or damage losses shall apply to the aggregate retention; except as follows:

2. Earth Movement Retention (per occurrence for all coverages provided):

- a. \$250,000 Per Occurrence except as follows;
- b. 2% of Total Insurable Values at the time of the loss at each Location involved in the loss or damage, subject to a minimum of \$250,000 and a maximum of \$1,000,000 any one Occurrence, as respects Locations in the **New Madrid Earthquake Zone Counties (See Section G- Definitions).**

Earth Movement Losses shall not apply to the aggregate retention.

3. Flood Retention (per occurrence for all coverages provided):

- a. \$250,000 Per Occurrence except;
- b. No coverage in Zone A locations, Special Flood Hazard Areas.

Flood Losses shall not apply to the aggregate retention.

4. Boiler and Machinery:

\$5,000 Per Occurrence.

Boiler and Machinery Losses shall not apply to the aggregate retention.

5. Money and Securities:

\$50,000 Per Occurrence.

Money and Security Losses shall not apply to the aggregate retention.

7. Vacant or Unoccupied Buildings:

When a building becomes vacant or unoccupied because normal operations have ceased for (60) sixty consecutive days; then the company will:

1. Not cover any loss or damage caused by or resulting from: vandalism, sprinkler leakage, breakage or building glass, water damage, theft, attempted theft, any loss covered under C., Policy Sub-limits, Item 17. Demolition and Increased Cost of Construction and any loss covered under C., Policy Sub-limits, Item 27. **Fungus, Mold or Mildew**; all regardless of the cause of loss; and
2. Value the loss or damage at such building on the lesser of the **actual cash value**, the cost to repair, or the sale value of the property less the value of the land.

8. Other Insurance / Excess Insurance / Underlying Insurance:

If there is other insurance covering the same loss or damage that is covered; and

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- a) Under this policy; and
- b) Any other policy;

then this insurance will apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted, whether or not such insurance is collectible.

Permission is granted for the Insured to purchase:

- 1) Excess insurance over the limit(s) of liability in this policy;
- 2) Underlying insurance on all or any part of the deductibles of this policy.

If the limits of the underlying insurance exceed the deductible that would apply under this policy, then the insurance provided by this policy will apply only after that portion that exceeds the deductible has been exhausted.

Except for the foregoing, the existence of such underlying or excess insurance will not:

- a) Prejudice; or
- b) Reduce;

any recovery payable under this policy.

9. Reinstatement of Limits after a Loss:

Except for those perils subject to an annual aggregate limit of liability, any loss or payment of any claim will not reduce the amount payable under this policy.

10. Liberalization Clause:

If this company adopts a revision that would broaden the coverage under this policy Form without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

11. Transfer of Rights and Duties under this Policy:

The Insured's rights, interests and duties under this policy may not be transferred or assigned without this company's written consent

12. Legal Action against this Company:

No suit, action, or proceeding for the recovery or any claim under this policy, will be sustainable in any court of law or equity unless:

- a) The insured has fully complied with all terms and conditions of the policy; and
- b) Such suit, action or proceeding is initiated within two years after the date on which the direct physical loss or damage first commenced or occurred.

13. Subrogation:

The Insured must cooperate in any subrogation proceedings. This company may require from the Insured an assignment of all rights of recovery against any party for loss to the extent of this company's payment.

This company will not acquire any rights of recovery that the Insured has expressly waived prior to a loss. No such waiver will affect the Insured's rights under this policy.

Any recovery from subrogation proceedings, less expenses incurred by this company in

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such proceedings, will be payable to the Insured in the proportion that the amount of:

- a) Any applicable deductible; and
- b) Any provable uninsured loss;

bears to the entire loss amount.

14. Basis of Valuation:

Adjustment of loss amount(s) under this policy will be determined based on the cost of repairing or replacing (whichever is the lesser), at the time of loss, with materials or equipment of like kind and quality without deduction for depreciation, except as provided in this valuation section.

- a) The following property, unless endorsed, will be valued at the time of loss as follows:

1. **Stock in process:** the value of **raw materials** and labor expended plus the proper proportion of overhead charges.
2. **Finished goods** manufactured by the Insured, and other goods sold awaiting delivery: the regular cash selling price at the **location** where loss occurs, less all discounts and charges which the Merchandise would have been subject to had no loss occurred.
3. **Raw materials**, supplies, and other merchandise not manufactured by the Insured: the replacement cost.
4. Property of others: the amount for which the Insured is legally liable, but not exceeding the replacement cost.
5. Un-repairable electrical and mechanical equipment, including **electronic data processing equipment**, the cost to replace with equipment that is the most functionally equivalent to that damaged, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program enhancement.
6. Landscaping Improvements will be limited to standard local nursery stock.
7. **Fine arts** are valued at the lesser of:
 - a. The cost to repair or restore the article to the condition that existed immediately prior to the loss;
 - b. The cost to replace the article; or
 - c. The value designated for the article on the schedule of **fine arts** on file with this company.

In case of physical loss or damage to an article that is part of a pair or a set, this company will pay the full amount of the value of such pair or set only if the damaged article cannot be repaired or restored to its condition before the loss; and the Insured surrenders the remaining article or articles of the pair or set to the company.

8. Accounts receivable is valued at the sum due which the Insured is unable to collect from customers, and includes:
 - a. Interest charges on any loan to offset impaired collections pending repayment of such sums that can not be collected;

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- b. Collection expenses in excess of normal collection cost; and
- c. Other reasonable expenses incurred by the Insured in recreating records of accounts receivable.

If the Insured is unable to accurately determine the amount of outstanding accounts receivable at the time of loss, the following method will be used:

- (1) Determine the total average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which loss occurs; and
- (2) Adjust that total for any fluctuations in the month in which loss occurs, or for any demonstrated variance for that month.

Unearned interest charges and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted.

After payment of loss by the company, all amounts recovered by the Insured on accounts receivable for which the Insured has been indemnified will belong to and be paid to the company by the Insured up to the total amount of loss paid by this company. All recoveries in excess of such amounts will belong to the Insured.

- 9. **Valuable papers and records** is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored, the company will pay the blank value of such **valuable papers and records**.
- 10. **Electronic data processing** media and data is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored, the company will pay the blank value of such **electronic data processing media**.
- 11. Property while in transit is valued as follows:
 - a. For property shipped to or for account of the Insured: the actual invoice to the Insured, together with such costs and charges (Including the commission of the Insured as selling agent) as may have accrued and become legally due on such property.
 - b. For property that has been sold by the Insured and shipped to or for account of the purchaser (if covered by this policy): the amount of the Insured's selling invoice, including prepaid or advanced freight.
 - c. For property not under invoice: the actual cash market value at point of destination on the date of disaster, less any charges saved which would have become due and payable upon delivery at destination.
- 12. Property that is damaged by fire and such fire is the result of **terrorism** and the statutory law of the jurisdiction in which the physical loss occurred requires coverage for such direct physical damage by fire, the **actual cash value** for any portion of the fire damage loss which exceeds the limit of liability provided in the declarations section.
- 13. With respect to buildings designated by a local, state, or federal authority to be of historical significance or of historical value, such rebuilding, repairing or replacement shall be with modern material, workmanship processes, technologies and designs, and shall not include the cost of re-creating outdated, archaic or antiquated materials, workmanship, processes, technologies, or designs, whether or not such cost

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otherwise would be covered under Section C., Policy Sub-limits, Item 17., Demolition and Increased Cost of Construction.

This does not apply to buildings where the values reported include the cost of re-creating outdated, archaic or antiquated materials, workmanship, processes, technologies, or designs, whether or not such cost otherwise would be covered under Section C. Policy Sub-limits, Item 17., Demolition and Increased Cost of Construction.

14. Lawn care equipment with a combustion engine of 20hp or less will be valued at Replacement cost valuation.

b) The Insured may:

1. Voluntarily elect to rebuild on another site provided that such rebuilding does not increase the amount of loss or damage which would otherwise be payable to rebuild at the current site.
2. Submit claim based on the **actual cash value** of the property lost or damaged until repair or replacement has been completed. The Insured may still claim for the additional coverage which replacement cost provides if notification of intention to do so is received by the company within 180 days after the loss or damage.

c) Replacement cost is subject to all the terms, conditions and limitations of the policy (including any endorsements) and the following additional provisions:

1. The Insured must execute repairs or replacement with due diligence and dispatch.
2. In no event will payment exceed the actual cost incurred for repairs, replacement, or the limit of liability stated in this policy, whichever is the lesser.
3. If during the term of this policy, any insured real property is offered for sale, the liability for loss or damage will not exceed the lesser of:
 - a. The price of the offer for sale while the property is offered for sale (with proper deduction for the value of any land); or
 - b. The cost to repair or replace.

The Insured may elect not to repair or replace the property. Loss valuation may be elected on the lesser of repair or replacement cost basis if the proceeds of the loss valuation are expended on other capital expenditures related to the Insured's operations within two (2) years from the date of loss. As a condition of collecting under this item, such expenditures must be unplanned as of the date of loss and be made at a **described location**. This loss valuation does not include any amount that would or could have been paid under section C., Policy Sub-limits, Item 17. Demolition and Increased Cost of Construction, Items A. thru D.

If the Insured fails to comply with any of the valuation provisions or does not repair or replace the property within two (2) years from the date of loss, the basis of valuation will revert to the **actual cash value** as defined in this policy.

d) Agreed Value Amount when specified.

Agreed Value amount means replacement cost up to the limit of liability scheduled for the damaged building or structure. The Insured shall have the option to reconstruct the same building, similar building or different building at the same location or different location, up to the agreed value amount, or accept a cash settlement for the full-agreed amount, less the retention. All claims will be based on repair or replacement with like construction materials at the same location.

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15. Brands and Labels:

If branded or labeled property covered by this policy is damaged by direct physical loss or damage insured by this policy and this company elects to take all or any part of such property at the value established by the terms of this policy, the Insured may at insured's own expense:

- a. Stamp "salvage" on the property or its containers; or
- b. Remove or obliterate the brands or labels;

if doing so will not physically damage the property.

The Insured must re-label the property or containers in compliance with the requirements of law.

16. Pairs and Sets:

This policy covers the reduction in value of the undamaged portion of Insured personal property that is a part of a pair or set directly resulting from direct physical loss or damage insured by this policy to other insured parts of such pairs or sets. If settlement is based on a constructive total loss, the Insured will surrender the undamaged parts of such property to the company.

17. Cancellation:

- a. The first named Insured may cancel this policy at any time by:
 - 1) Surrendering the policy to the company
 - 2) Mailing or delivering to the company advance written notice of cancellation.
- b. This company may cancel this policy by:
 - 1) Mailing; or
 - 2) Delivering;

Written notice of cancellation to the first named Insured at the address as stated in the declarations section, not less than:

- a) Ninety (90) days; or
- b) Ten (10) days for non-payment of premium;

before the effective date of cancellation.

Proof of mailing or delivery will be sufficient proof of notice.

- c. This company will return unearned premium to the Insured:
 - 1) On a pro rata basis if this company cancels the policy.
 - 2) 90% of the pro rata basis if the Insured cancels the policy.

18. Currency:

Any amounts specified in this policy, including but not limited to premium, limit(s) of liability, deductible(s), and loss payable will be considered to be in Canadian currency for **locations** situated in Canada and in United States of America currency for all other **locations**, unless specified otherwise.

19. Conformity to Statute:

Terms of this policy, which are in conflict with the statutes of the jurisdiction where the insured property is located, are amended to conform to such statutes.

20. Suspension:

Upon discovery of a dangerous condition, any representative of the company may immediately suspend the boiler and machinery insurance with respect to any machine, vessel, or part thereof

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by giving written notice to the Insured. The insurance that is suspended may be reinstated by the company. The Insured will be allowed the return of the unearned portion of the premium resulting from the suspension of insurance.

If coverage is suspended, it will also be immediately suspended for any:

- a) Mortgagee;
- b) Lender; or
- c) Additional named interest:

By written notice of suspension.

G. DEFINITIONS:

Actual Cash Value means the cost to repair or replace the property, at the time and place of the loss or damage, with material of like kind and quality, less proper deduction for obsolescence and physical depreciation.

Boiler and Machinery means:

1. Direct physical loss or damage originating within:
 - a. Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
 - 1) Water disposal piping;
 - 2) Any piping forming part of a fire protective system;
 - 3) Furnaces; and
 - 4) Any water piping other than:
 - (a) Boiler feed water piping between the feed pump or injector and the boiler;
 - (b) Boiler condensate return piping; or
 - (c) Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.
 - b. All mechanical, electrical, electronic or fiber optic equipment; and
2. Caused by, resulting from, or consisting of:
 - a. Mechanical breakdown; or
 - b. Electrical or electronic breakdown; or
 - c. Extremes or changes of temperature; or
 - d. Rupture, bursting, bulging, implosion, or steam explosion.

Boiler and Machinery does not mean:

Physical loss or damage caused by or resulting from any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

- a. Combustion explosions, except from within combustion gas turbines; or
- b. Explosions from liquids coming in contact with molten materials; or
- c. Accidental discharge, escape, leakage, back-up, or overflow to the open of any material from confinement within piping, plumbing systems, or tanks except from property described in item 1 above; or
- d. Fire, or from the use of water or other means to extinguish a fire.

PROPERTY COVERAGE FORM

- e. **Described Locations** means the buildings described in the current Statement of Values on file with the company.

Earth Movement means any natural or man-made, **earth movement**, including but not limited to earthquake; landslide, mudflow, subsidence and earth sinking, rising or shifting that results from, contributes to, or is aggravated by any of the above.

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

1. Pacific Northwest Earthquake Zone Counties

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

2. New Madrid Earthquake Zone Counties

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

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

Indiana: Posey, Vanderburgh, Gibson, Warrick, Pike

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

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

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

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

Electronic Data Processing (EDP) Equipment means data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. Equipment does not include electronic systems that control production machinery or the production machinery itself or any memory bank attached to the production machinery. Equipment does not include property in the course of manufacture or property the Insured holds for sale or demonstration.

Electronic Data Processing (EDP) Media means all materials on which data is recorded including: magnetic tapes; disc packs; paper tapes; and cards; used in data processing equipment. **EDP media** does not include any memory bank attached to production machinery or any property the Insured holds for sale or demonstration.

Exterior Insulation and Finish System (EIFS) means any exterior cladding or finish system used on any part of any structure and consisting of: a rigid or semi-rigid insulation board made of expanded polystyrene or other materials; adhesive and/or mechanical fasteners used to attach the insulation board to the substrate; a reinforced base coat; and a finish coat providing surface texture and color, including sealant around windows and other penetrations.

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

PROPERTY COVERAGE FORM

Finished Goods means stock manufactured or processed by the Insured which is ready for packing, shipment, or sale.

Flood means any surface water; tidal or seismic sea wave; tsunami; rising (including overflowing or breaking of boundaries) of any body of water, including but not limited to reservoirs, lakes, streams, rivers, ponds and harbors all whether driven by wind or not, and including spray from any of the foregoing that results from, contributes to, or is aggravated by any of the above. **Flood** also includes physical loss or damage from water which backs up through sewers or drains that are below ground level as a result of **flood**.

Fungus, Mold or Mildew means: Fungus, including but not limited to mildew and mold; protist; wet rot; dry rot; or bacterium; or chemical matter or compounds produced or released by such fungus, protist, wet rot, dry rot, or bacterium.

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

Money means currency, coins, bank notes and bullion, and traveler checks, registered checks and money orders held for sale to the public.

Named Perils means: fire, lightning, **wind and/or hail**, explosion, smoke, impact from aircraft and vehicles, objects falling from aircraft, strike, riot, civil commotion, vandalism, theft, attempted theft, sprinkler leakage, or collapse of buildings.

Occurrence means 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, volcanic eruption, riot, riot attending a strike, civil commotion, vandalism and malicious mischief, or terrorism, one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, the Insured may elect the moment at which the 72 hour period shall be deemed to have commenced, which may not be earlier than the time when the first loss to covered property occurs.

Pollutant means any solid, liquid, gaseous or thermal irritant or substance, including, but not limited to, fiber, smoke, vapor, soot, fumes, acids, alkalis, chemicals, biological agents and waste. Waste includes, but is not limited to, materials to be recycled, reconditioned or reclaimed.

Pollution means the presence, discharge, dispersal, seepage, migration, release or escape of any material, which causes or threatens damage to human health or human welfare, or causes or threatens damage, deterioration, and loss of value, marketability, or loss of use to insured property. Such material includes but is not limited to fungi, bacteria, virus, hazardous substances, or **pollutants**.

Processing Water means water that is contained within any enclosed tank, piping system or any other processing equipment.

Raw Materials mean materials and supplies in the state in which the Insured receives them for conversion by the Insured into finished goods.

Securities mean negotiable and non negotiable instruments or contracts representing **money** and includes: tokens; tickets; revenue and other stamps (whether represented by actual stamps or unused value in a meter); and evidence of debt issued in connection with credit card or charge cards that are not issued by the Insured. **Securities** do not mean **money**.

Sewer Back Up means water which backs up through sewers or drains that are below ground

PROPERTY COVERAGE FORM

level. **Sewer back up** does not mean loss or damage from water, which backs up through sewers or drains that are below the ground as a result of flood.

Soft Costs means the expenses over and above normal expenses at **locations** undergoing alterations or additions to existing property and property in the course of construction limited to the following:

1. Construction loan fees - the additional cost incurred to rearrange loans necessary for the completion of construction, repairs or reconstruction including the cost to arrange refinancing, accounting work necessary to restructure financing, legal work necessary to prepare new documents, and charges by the lenders for the extension or renewal of loans necessary.
2. Commitment fees, leasing and marketing expenses - the cost of releasing and marketing of the Insured Project due to loss of tenant(s) or purchaser(s).
3. Additional fees - for architects, engineers, consultants, attorneys and accountants needed for the completion of construction, repairs or reconstruction as a direct result of direct physical loss or damage.
4. Carrying costs - building permits, additional interest on loans, insurance premiums and property and realty taxes.

Stock in Process means **raw materials** or stock, which has undergone any aging, seasoning, mechanical or other process or manufacture, but which is not **finished goods**.

Terrorism means:

As respects the United States, its territories and possessions and the Commonwealth of Puerto Rico, the definition of **Terrorism** is agreed that an event defined as a Certified Act of Terrorism under the terms of the TERRORISM RISK INSURANCE ACT OF 2002 ENDORSEMENT attached to this policy shall be considered **Terrorism** within the terms of this policy. Notwithstanding anything contained in this policy to the contrary, this policy provides coverage for direct physical loss or damage to insured property and any resulting Business Interruption loss, as provided in the policy, caused by or resulting from a Certified Act of Terrorism only to the extent coverage is provided under the terms and conditions of the TERRORISM RISK INSURANCE ACT OF 2002 ENDORSEMENT attached to this policy. Any difference in limit between loss recoverable under the TERRORISM RISK INSURANCE ACT OF 2002 ENDORSEMENT and this policy is not recoverable under this policy.

Vacant or Unoccupied Building means a building will be considered vacant or unoccupied when the insured does not maintain the same degree of fire protection, watch, alarm service, maintenance and occupancy due to a cessation of normal operations including substantial removal of business personal property necessary to conduct normal business operations.

Valuable Papers and Records mean inscribed, printed or written: documents; manuscripts or records including abstracts; and, accounting records, deeds, drawings, films, maps, or mortgages. Valuable Papers are not **money**, **securities** and stamps; converted data programs or instructions used in the Insured's data processing operations; or, materials on which data is recorded.

Wind and/or Hail means direct and/or indirect action **of wind and/or hail** and all loss or damage resulting therefrom, whether caused by wind, by hail or by any other peril other than fire or explosion including but not limited to, loss or damage caused when water, in any state, rain, sleet, snow, sand, dust or any other substance, material, object or thing is carried, blown, driven or otherwise transported by wind onto or into said **location**.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ENDORSEMENT # A

The following modifies insurance provided under the following:

APSIT Coverage Form 2017

1. Equipment:

This policy is extended to cover Mobile Equipment consisting of the following:

<u>Description</u>	<u>Manufacturer</u>	<u>Serial Number</u>	<u>Limit of liability</u>
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Unscheduled mobile equipment for all participating districts, except mobile equipment items with a value of \$100,000 or greater, must be scheduled for the sublimit to apply.

The company's maximum liability for any one loss under this policy for all Mobile Equipment for all participating districts, will not exceed the policy sub limit shown per occurrence.

Valuation:

The following paragraph shown in APSIT Coverage Form 2017, Section F. General Conditions, Item #14 Basis of Valuation:

Adjustment of loss amount(s) under this policy will be determined based on the cost of repairing or replacing (whichever is the lesser), at the time of loss, with materials or equipment of like kind and quality without deduction for depreciation, except as provided in this valuation section.

is amended to:

Adjustment of loss amount (s) under this policy will be determined based on the actual cash value at the time of loss. The words "actual cash value" are substituted wherever the word(s) "replacement cost" are shown as regards Actual Cash Value Equipment only;

except with regards Agreed Amount Equipment as shown on the Schedule of Values on file with the Company will be valued at the lesser of:

The cost to repair or restore the equipment to the condition that existed immediately prior to the loss;

The cost to replace the equipment; or

The value designated for the equipment on the schedule of values – Agreed Amount Equipment on file with this Company.

2. **Fine Arts / Collections:**

The following limits apply to each article in the schedule of Fine Arts / Collections listed below. In no event will the Fine Arts / Collections limit of liability shown in the Supplemental Declarations or Policy Sub-limits section, apply in addition to those limits shown below and will not apply to each unscheduled article of Fine Arts / Collections.

<u>Article</u>	<u>Description</u>	<u>Limit(s) of Liability</u>
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Per Schedule and values on file.

3. **Zone A Flood Definition**

1. Any flood zone or area designated by the Federal Emergency Management Agency (FEMA) as subject to a flood frequency up to and including the 100 year frequency; or
2. The peril of flood is covered in an area protected by dams, levees, dikes, or walls which:
 - a. Protect such areas from at least the level of the 100 year flood, and have no such openings or flood gates, and
 - b. Were built by and are either maintained or inspected by the United States (U.S.) Army Corps of Engineers.

4. **Zone B and Zone X Shaded Flood Definition**

1. Any flood zone or area designated by the Federal Emergency Management Agency (FEMA) as subject to a flood frequency greater than 100 year frequency and up to but not including areas outside the 500 year frequency; or
2. The peril of flood is covered in an area protected by dams, levees, dikes, or walls which:
 - a. Protect such areas from at least the level of greater than 100 year flood and up to but not including areas outside the 500 year flood, and have no such openings or flood gates, and
 - b. Were built by and are either maintained or inspected by the United States (U.S.) Army Corps of Engineers.

ENDORSEMENT #B

Issued to: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND
PARTICIPATING ENTITIES C/O ARKANSAS INSURANCE
DEPARTMENT
RISK MANAGEMENT DIVISION

By: NATIONAL UNION FIRE INSURANCE COMPANY

REQUIREMENT IN CASE OF A LOSS ENDORSEMENT

In accordance with the terms and conditions of the policy it is hereby understood and agreed that the following is added and made a part of the policy.

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

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

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

1. The time and origin of the loss,
2. The interest of the Insured and of all others in the property,

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ENDORSEMENT # C

APSIT Property Claim Protocol

1. All loss notices including property, boiler and machinery, flood, earth movement, crime, and inland marine are generated by Mark V. Williamson Insurance Agency and will be sent by email to:

- Risk Management Division: insurance.risk.management@arkansas.gov
- Central Adjustment Company (CAC) cac@centraladjustment.com

The Risk Management Division will send all current Statement of Values, Declaration Pages, and applicable Building Appraisal Reports to Central Adjustment Company and the Mark V. Williamson Insurance Agency.

All property loss notices wherein the claim reserve is expected to exceed \$100,000 will be immediately sent to National Union Fire Insurance Company when the "APSIT Claim Reserve" has reached \$2,000,000.

All other loss notices for flood and earth movement exceeding \$250,000 will be immediately sent to National Union Fire Insurance Company by Mark V. Williamson Insurance Agency. All boiler and machinery losses will be reported by Mark V. Williamson Insurance Agency to National Union Fire Insurance Company.

All applicable Loss Notices which are to be sent to the Insurance Company will be emailed by Mark V. Williamson Insurance Agency:

- National Union Fire Insurance Company: NewLoss-USProperty&Energy@AIG.com.
- CC: Regina.Avitabile@aig.com

2. The Arkansas Public School Insurance Trust (APSIT) will pay any and all loss adjustment expenses pertaining to claims within the APSIT Aggregate Retention in addition to expenses as specified in item 3 below. Loss adjustment expenses do not apply to the Aggregate Retention.
3. APSIT will pay specialty loss adjustment expenses for all losses within the APSIT Aggregate Retention with Risk Management Division's prior approval. Specialty loss adjustment expenses include, but are not limited to: consultants, cause and origin experts, engineers, salvage expense, and subrogation expense. Specialty loss adjustment expenses do not apply to the Aggregate Retention.
4. Central Adjustment Company will adjust all property losses incurred up to the \$3,000,000 Aggregate Retention. National Union Fire Insurance Company will adjust all losses exceeding the \$3,000,000 Aggregate Retention.
5. Central Adjustment Company will make the initial contact with the School District and assign to their local adjusters if a field inspection is required.
6. National Union Fire Insurance Company has agreed to use the Central Adjustment Company loss adjustment reports and not re-inspect the loss unless circumstances require re-inspection.

If re-inspection is required, National Union Fire Insurance Company will notify Central Adjustment Company. Central Adjustment Company will inform the School District of re-inspection.

7. National Union Fire Insurance Company will communicate through Central Adjustment Company to the School District entity pertaining to any necessary consultants, engineers, or other experts that are required for the claim(s) if the losses incurred exceed the \$3,000,000 Aggregate Retention. All communications with the School Districts will be through Central Adjustment Company including claims in the National Union Fire Insurance Company's layer.
8. Every attempt will be made to use Arkansas based consultants, engineers, restoration companies and, etc. Central Adjustment Company and the Risk Management Division may need to be contacted for a list of expert referrals. If the expertise is not available in the State of Arkansas, then it must be verified that the contracted firm is licensed to do business in the State of Arkansas. Central Adjustment Company and Risk Management Division shall be notified before contact is made with the expert located outside the State.
9. All Loss Adjustment Expenses incurred directly or at the direction of National Union Fire Insurance Company or their representatives will be paid by National Union Fire Insurance Company, whether or not those claims exceed the APSIT Aggregate Retention. If the APSIT Aggregate Retention is exceeded during any applicable policy year, all loss adjustment expenses pertaining to claims for damages will be paid by National Union Fire Insurance Company.
10. All loss adjustment expenses pertaining to boiler and machinery claims exceeding \$5,000 per occurrence and all earth movement and all flood claims exceeding \$250,000 per occurrence will be paid by National Union Fire Insurance Company and do not apply to the Aggregate Retention.
11. Claim checks shall be issued by National Union Fire Insurance Company to each School District including the 5 digit School District number and School District name. Claim checks should not be issued to the APSIT Fund by National Union Fire Insurance Company unless the APSIT Fund has paid claim(s) which has exceeded the \$3,000,000 Aggregate Retention. If multiple districts are involved in the loss, then advance fund checks and claim checks will need to be sent to each individual School District with the 5 digit School District code.
12. A monthly Loss History Report will be provided by National Union Fire Insurance Company to Mark V. Williamson Insurance Agency for all losses adjusted by National Union Fire Insurance Company. The monthly Loss History Report must provide all pertinent data including, but not limited to: claim number, date of loss, cause of loss, School District name and number, amount paid, amount reserved, value changes as they occur each month, claim open/closed status, and date of executed proof of loss or partial proof of loss as received. The monthly Loss History Report is due within 10 days following the end of the preceding month.
13. Mark V. Williamson Insurance Agency will provide a monthly Loss History Report to National Union Fire Insurance Company along with all loss notices each month. The monthly Loss History Report is due within 20 days following the end of the preceding month.
14. Central Adjustment Company shall provide a monthly Loss History Report to the Risk Management Division for all losses incurred up to and exceeding the Aggregate Retention for all coverage provided and in a format that is acceptable to Risk Management Division. The monthly loss history report is due within 10 days following the end of the preceding month.
15. There shall be a Claims Coordination Committee (CCC) with one representative from each; Risk Management Division, Mark V. Williamson Agency, and National Union Fire Insurance Company. The CCC will meet by conference phone call for the assignment of a claim adjuster (panel adjuster or local adjuster) to each subsequent property claim expected to exceed \$100,000 when the "APSIT Claim Reserve" has reached \$2,000,000. The CCC will continue to conference call for assignment of claims adjuster for property claims expected to exceed \$100,000 for the remainder of the policy year.

16. National Union Fire Insurance Company will, once the Aggregate Retention has been paid and at their discretion depending upon the severity of the claim, assign the claim file to a panel adjuster or a local adjuster. National Union Fire Insurance Company will discuss with the Risk Management Division prior to making these assignments. National Union Fire Insurance Company can utilize the Property Claims Field Group for losses up to \$500,000. Contact Person: Shaine Morton, National General Adjuster, Property Claims Field Group, 2509 Richmond Road, Texarkana, Texas, 75501. 870-278-0653 (Mobile): 903-585-3694 (Office) 844-284-5698 (Fax). Email: Michael.morton@aig.com. National Union Fire Insurance Company may assign to any panel adjuster for losses in excess of \$500,000.
17. Central Adjustment Company or Mark V. Williamson Insurance Agency will immediately notify National Union Fire Insurance Company on any claims involving coverage issues or litigation.
18. National Union Fire Insurance Company may schedule an audit of (CAC) claim files at a minimum of once a year or more frequently, if deemed necessary.
19. Central Adjustment Company will adhere to National Union Fire Insurance Company claims handling guidelines.

ENDORSEMENT # D

Issued to: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND PARTICIPATING ENTITIES C/O ARKANSAS INSURANCE DEPARTMENT RISK MANAGEMENT DIVISION

By: NATIONAL UNION FIRE INSURANCE COMPANY

CABOT LOCATION ENDORSEMENT

IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE POLICY, IT IS HEREBY UNDERSTOOD AND AGREED THAT THE FOLLOWING CHANGES ARE APPLICABLE TO THE DOMESTIC MANUSCRIPT POLICY FORM;

1. IT IS FURTHER UNDERSTOOD AND AGREED THAT 16150 HWY 5 NORTH, CABOT, AR LOCATION IS NOT SUBJECT TO THE SUPPLEMENTAL DECLARATIONS – ADDITIONAL COVERAGE SUBLIMIT – 2.B; FOR SPECIAL FLOOD HAZARD AREAS (SFHA).

ENDORSEMENT E

This endorsement, effective 12:01 AM, 07/01/2017

Forms a part of Policy No.: TBD

**Issued to: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND PARTICIPATING ENTITIES
C/O ARKANSAS INSURANCE DEPARTMENT RISK MANAGEMENT DIVISION**

By: LEXINGTON INSURANCE COMPANY

AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided by the Policy:

IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE POLICY, IT IS AGREED THAT CHANGES IN TIV SHALL BE REPORTED MONTHLY. PREMIUM SHALL BE CALCULATED BASED ON THE CHANGE IN TIV REPORTED MONTHLY. AN INVOICE WILL BE CREATED AS FOLLOWS THE NET ADDITIONAL OR THE NET RETURN PREMIUM:

FIRST INSTALLMENT: July 1, 2017 through December 31, 2017 (Invoiced in January)

SECOND INSTALLMENT: January 1, 2018 through March 31, 2018 (Invoiced in April)

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

A handwritten signature in black ink, appearing to be "L. E. ...", written over a horizontal line.

Authorized Representative

Endorsement F

Schedule of School District Entity Retentions

District	Property Retention	Inland Marine
01-01 - DeWitt School District	\$1,000	\$0
02-03 - Hamburg School District	\$1,000	\$0
03-02 - Cotter School District	\$1,000	\$0
03-03 - Mountain Home School District	\$10,000	\$0
03-04 - Norfolk School District	\$1,000	\$0
04-02 - Decatur School District	\$1,000	\$0
04-04 - Gravette School District	\$10,000	\$0
05-02 - Bergman School District	\$1,000	\$0
05-03 - Harrison School District	\$1,000	\$0
05-06 - Lead Hill School District	\$5,000	\$0
05-20 - Ozarks Unlimited Resources Cooperative	\$1,000	\$0
06-02 - Warren School District	\$5,000	\$0
08-01 - Berryville School District	\$5,000	\$0
08-02 - Eureka Springs School District	\$1,000	\$0
09-01 - Dermott School District	\$1,000	\$0
10-02 - Arkadelphia School District	\$1,000	\$0
14-02 - Magnolia School District	\$5,000	\$0
17-02 - Cedarville School District	\$1,000	\$0
17-04 - Mulberry / Pleasant View Bi-County School District	\$1,000	\$0
18-02 - Earle School District	\$1,000	\$0
18-03 - West Memphis School District	\$5,000	\$0
22-03 - Monticello School District	\$5,000	\$0
23-07 - Vilonia School District	\$1,000	\$0
24-20 - Guy Fenter Education Cooperative	\$1,000	\$0
26-01 - Cutter-Morning Star School District	\$1,000	\$0
26-02 - Fountain Lake School District	\$5,000	\$0
26-03 - Hot Springs School District	\$1,000	\$0
26-06 - Lakeside School District	\$1,000	\$0
28-07 - Greene County Tech School District	\$5,000	\$0
28-08 - Paragould School District	\$5,000	\$0
29-20 - Southwest Arkansas Education Cooperative	\$1,000	\$0
29-21 - South Arkansas Migrant Education Cooperative	\$1,000	\$0
30-03 - Magnet Cove School District	\$1,000	\$0
32-01 - Batesville School District	\$1,000	\$0
33-01 - Calico Rock School District	\$1,000	\$0
35-05 - Pine Bluff School District	\$1,000	\$0
35-09 - Watson Chapel School District	\$1,000	\$0
35-99 - Arkansas Correctional School	\$1,000	\$0
36-01 - Clarksville School District	\$1,000	\$0
36-06 - Westside School District	\$1,000	\$0
38-20 - Northeast Arkansas Educational Cooperative	\$1,000	\$0
38-40 - Imboden Area Charter School	\$1,000	\$0
39-04 - Lee County School District	\$1,000	\$0
42-02 - Magazine School District	\$1,000	\$0

Endorsement F

Schedule of School District Entity Retentions

District	Property Retention	Inland Marine
43-04 - Cabot School District	\$5,000	\$0
44-01 - Huntsville School District	\$1,000	\$0
45-01 - Flippin School District	\$1,000	\$0
50-08 - Nevada School District	\$1,000	\$0
52-20 - South Central Services Cooperative	\$1,000	\$0
54-03 - Helena - West Helena School District	\$1,000	\$0
54-20 - Great Rivers Cooperative	\$1,000	\$0
55-02 - Centerpoint School District	\$1,000	\$0
55-03 - Kirby School District	\$1,000	\$0
56-20 - Crowley's Ridge Cooperative	\$1,000	\$0
58-05 - Russellville School District	\$5,000	\$0
60-02 - North Little Rock School District	\$10,000	\$0
62-05 - Palestine-Wheatley School District	\$1,000	\$0
63-03 - Bryant School District	\$1,000	\$0
66-03 - Hackett School District	\$1,000	\$0
66-05 - Lavaca School District	\$1,000	\$0
66-06 - Mansfield School District	\$1,000	\$0
68-04 - Highland School District	\$1,000	\$0
70-07 - Parkers Chapel School District	\$1,000	\$0
70-08 - Smackover School District	\$1,000	\$0
71-04 - Shirley School District	\$1,000	\$0
72-01 - Elkins School District	\$1,000	\$0
72-02 - Farmington School District	\$1,000	\$0
72-04 - Greenland School District	\$1,000	\$0
72-08 - West Fork School District	\$1,000	\$0
72-20 - Boston Mountain Education Cooperative	\$1,000	\$0
72-21 - Northwest Arkansas Education Service Cooperative	\$1,000	\$0
73-02 - Beebe School District	\$1,000	\$0
73-07 - Riverview School District	\$1,000	\$0
73-09 - Pangburn School District	\$1,000	\$0
73-10 - Rose Bud School District	\$1,000	\$0
73-11 - Searcy School District	\$1,000	\$0
73-20 - Wilbur D. Mills Education Service Cooperative	\$1,000	\$0

Business Interruption Endorsement Gross Earnings/Rents/Extra Expense

1. COVERAGE PROVIDED:

This policy covers the actual loss sustained by the Insured due to the necessary interruption of production or business operations or services during the period of interruption of the following:

A. Gross Earnings, Rents, and Expense to Reduce Loss; and

B. Extra Expense;

Directly resulting from direct physical loss or damage insured by this policy to property not excluded, utilized by the insured, and at a **location**, but only to the extent the Insured is unable to make up production and resume or continue operations or services, partially or entirely, by utilizing damaged or undamaged property all whether or not at a **location(s)**.

C. Gross Earnings from Property In Transit

D. Ordinary Payroll:

This policy covers the actual loss sustained of **ordinary payroll** during the period of interruption as a direct result of direct physical loss or damage insured by this policy, to property not excluded, utilized by the insured, and at a **location**, causing an interruption of production or business operations or services which results in a loss of **gross earnings**. This coverage is provided for no more than the number of consecutive days shown in the Supplemental Declarations, and only to the extent that such payroll would have been earned had no interruption occurred.

If the Insured reduces the daily loss otherwise payable under this policy sub-limit, either by:

- 1) Providing gainful employment for; or
- 2) Paying less than the normal payroll rate to;

All or part of its employees, then the number of consecutive days provided above may be extended in proportion to such reduction of loss otherwise payable. In no event will this provision increase the total liability of the company beyond the amount for which it would have been liable for this coverage without this additional provision.

Coverage is not provided for loss caused by or resulting from **terrorism**.

E. Civil Authority:

This policy covers **business interruption** when, as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy, access to the **location** is prohibited by order of civil authority. This coverage is provided for no more than the number of consecutive days as shown in the Supplemental Declarations starting from the time of such order of civil authority.

Coverage is not provided for loss caused by or resulting from **terrorism**

F. Contingent Business Interruption Coverage:

This policy covers **Business Interruption** as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded at the premises of direct suppliers and/or direct customers.

Business Interruption Endorsement Gross Earnings/Rents/Extra Expense

Suppliers and/or customers do not include entities supplying to or receiving from a **location** electricity, fuel, water, steam, refrigeration, sewage or communications services of every type and description.

Loss sustained by the insured resulting from **Flood** and/or **Earth Movement** whether or not such coverage is provided elsewhere in this policy is not covered.

Coverage is limited to property anywhere in the world except in the following countries, provinces or jurisdictions;

Afghanistan, Algeria, Angola, Armenia, Azerbaijan, Bosnia and Herzegovina, Botswana, Burundi, Chechnya, China (Kashmir area), Croatia, Eritrea, Ethiopia, Cuba, Haiti, Iran, Iraq, India (Kashmir area), Lebanon, Liberia, Libya, Montenegro, Montserrat, Myanmar (Burma), Nigeria, North Korea, Pakistan, Rwanda, Serbia, Somalia, Sudan, Sri Lanka, Syria, Turkish provinces of Agri, Bingol, Bitlis, Diyarbakir, Elazig, Hakkari, Mardin, Mus, Siirt, Urfa, and Van, The Democratic Republic of the Congo (former Zaire) and Yemen.

Or any other country where trade relations are unlawful as determined by the Government of the United States of America or its agencies.

Coverage is not provided for loss caused by or resulting from **terrorism**

G. Research and Development Expense:

This policy covers **Ordinary payroll** and loss of continuing fixed charges and expenses as a direct result of direct physical loss or damage insured by this policy to insured property not excluded at a **location** and utilized in research and development activities. The **Ordinary payroll** and continuing fixed charges and expenses must be directly attributable to such research and development activities, which in themselves would not have produced income during the period of interruption.

Coverage is not provided for loss caused by or resulting from **terrorism**

H. Ingress/Egress:

This policy covers **Business Interruption** as a direct result of physical loss or damage of the type insured by this policy to property not excluded by this policy when ingress to or egress from a **location(s)** is physically prevented by such loss or damage.

Coverage is not provided for loss caused by or resulting from **terrorism**

I. Tax Treatment:

This policy covers increased tax liability as a direct result of direct physical loss or damage insured by this policy to property not excluded by this policy. If the tax liability is greater than the tax liability that would have been incurred had no such loss occurred, then this policy will cover only the increased tax liability for the profit portion of the physically damaged **finished goods**, and the profit portion of the **gross earnings** and **rents** loss.

Coverage is not provided for loss caused by or resulting from **terrorism**

J. Extended Period of Indemnity:

This policy covers **Gross Earnings** during the time it takes to restore the Insured's business, with due diligence and dispatch, to the probable experience that would have existed had no direct insured physical loss or damage causing an interruption of production or business operation or services occurred.

Business Interruption Endorsement Gross Earnings/Rents/Extra Expense

Coverage starts immediately after the Period of Interruption and runs for no more than the number of consecutive days shown in the Supplemental Declarations. This policy sub-limit does not extend the Period of Interruption for Items; D., E., G., H., and I under Section 1, Coverage Provided.

Coverage is not provided for loss caused by or resulting from **terrorism**

K. Off-Premises Service Interruption:

This policy is extended to cover **business interruption** as a direct result of the interruption of the following incoming and outgoing services. The interruption must result from direct physical loss or damage by a covered cause of loss to the following property, not on the described premises

Covered services are incoming electric, gas, fuel, steam, water, refrigeration, and outgoing sewerage, telephone and telecommunication.

This coverage does not apply to: service interruption due to deliberate act(s) by the supplying entity to shed load, to maintain system integrity, **flood, earth movement**, contingent business interruption coverage, any loss caused or resulting from loss or damage to satellites or at unnamed locations, whether or not such coverage is provided elsewhere in this policy. Resultant and concurrent interruptions are considered as one event.

2. CONDITIONS:

In determining the loss payable under this endorsement, this company will give consideration to:

- A. The experience of the business before and after and the probable experience during the period of interruption.
- B. The continuation of only those normal charges and expenses that would have been existed had no interruption of production or business operations or services occurred.

3. PERIOD OF INTERRUPTION:

For the purposes of determining the loss payable under this endorsement due to an interruption of production or business operation or services at a **location** resulting from direct physical loss or damage the company will apply the following:

A. For Business Operations: The period of interruption is:

- 1) The period from the time of such loss or damage insured by this policy,

To the time

- 2) When, with due diligence and dispatch, such lost or damaged property could be repaired or replaced and made ready for production or business operations or services under the same or equivalent physical operating conditions at the **location** that existed prior to such loss or damage.

Business Interruption Endorsement Gross Earnings/Rents/Extra Expense

B. For Buildings in the Course of Construction/Renovation: The period of interruption for alterations or additions to existing property and property in the course of construction will be determined as follows:

1) The period from the time of such loss or damage insured by this policy,

To the time

2) When, with due diligence and dispatch, such lost or damaged property could be repaired or replaced to the same or equivalent degree of completion at the **location** that existed prior to such loss or damage.

This period of time will be applied to the level of production or business operations or services that would have been reasonably achieved after construction and startup would have been completed had no such loss or damage happened.

The Period of Interruption in A and B above:

1. Will include that period for which physically lost or damaged **raw materials** would have supplied production or business operating or servicing needs.
2. Will not include any additional time resulting from the inability to procure suitable **raw materials** and/or supplies to replace those physically damaged or destroyed.
3. Will not include any additional time required for making change(s) to the buildings, or structures, for any reason except as set forth in the Demolition and Increased Cost of Construction extension contained within the policy, nor any additional time for re-staffing or retraining employees.
4. Will not be limited by the expiration of this policy.
5. Will not exceed 12 months from the inception of direct physical loss or damage caused by or resulting from **terrorism**.

4. LIMIT OF LIABILITY:

The company's maximum limit of liability per occurrence for all loss under this endorsement will not exceed the Policy Sub-limits shown in the Supplemental Declarations.

5. EXCLUSIONS:

This endorsement does not cover any of the following:

- a. Any loss during any period in which goods would not have been produced or in which business operations or services, including rental activities, would not have been maintained for any reason other than the direct physical loss or damage insured by this policy.
- b. Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license, or order except as provided in Item J., Extended Period of Indemnity.

**Business Interruption Endorsement
Gross Earnings/Rents/Extra Expense**

- c. Any additional loss due to:
 - 1) Fines or damages for breach of contract,
 - 2) Late or non-completion of orders or penalties of any nature whatsoever, or
 - 3) Any other consequential or remote loss.
- d. Any loss resulting from physical loss or damage to **finished goods** or the time required for their reproduction.
- e. Any remaining or residual value of property obtained in reducing loss payable, in making up production, or in continuing the business operations or services.
- f. Any loss resulting from the Actual Cash Value portion of direct physical loss or damage by fire caused by or resulting from **Terrorism**.
- g. **Extra Expense** does not include any loss resulting from Debris Removal.
- h. Tuition Fees

Must obtain Underwriter approval for additional agencies requesting coverage. Additional premium to be applied.

6. DEFINITIONS:

Business Interruption means **Gross Earnings, Rents, Expense to Reduce Loss, Extra Expense, and Ordinary Payroll.**

Expense to Reduce Loss means:

The expenses, over and above normal operating expenses incurred during the period of interruption that reduce loss otherwise payable but only to the extent that such loss has been reduced..

Extra Expense means:

The reasonable and necessary expenses in excess of normal incurred by the Insured during the period of interruption to:

- a) temporarily continue as nearly normal the conduct of the Insured's business,
- b) temporarily use the property of the Insured or others,

all less any value remaining at the end of the period of interruption for property obtained in connection with the above.

Extra Expense does not mean:

- a) any loss of income.
- b) expenses that normally would have been incurred in the conduct of the Insured's business.
- c) cost of permanent repair or replacement of property that has been damaged or destroyed.

**Business Interruption Endorsement
Gross Earnings/Rents/Extra Expense**

Gross Earnings means:

The net sales value of production lost during the period of interruption, less the cost of all:

- a) Raw stock;
- b) Materials and supplies;
- c) Services rendered by the Insured;
- d) **Ordinary Payroll**;
- e) Charges and Expenses that do not continue; and
- f) Merchandise sold.

Plus all other earnings derived from operations of the business excluding rents.

Ordinary Payroll means:

- a) Wages of all employees except officers, executives, department managers, and employees under contract or similar key employees; and
- b) Includes taxes and charges dependent on the payment of those wages.

Rents means:

When Insured property cannot be occupied:

- a) The fair rental value of any portion of the property occupied by the Insured;
- b) Income reasonably expected from the rentals of unoccupied or un-rented portions of such property; and
- c) The rental income from the rented portions of such property, according to bona fide leases, contracts, or agreements, in force at the time of loss;

Less the cost of all Charges and Expenses that do not continue during the period of interruption.

All other terms and conditions of this policy remain unchanged.

ENDORSEMENT #001

This endorsement, effective 12:01 AM, 07/01/2017

Forms a part of Policy No.: 017728090

**Issued to: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND PARTICIPATING ENTITIES
C/O ARKANSAS INSURANCE DEPARTMENT RISK MANAGEMENT DIVISION**

By: NATIONAL UNION FIRE INSURANCE COMPANY

**TERRORISM PREMIUM CHARGE ENDORSEMENT WITH EXCLUSION FOR
BIOLOGICAL AND/OR CHEMICAL TERRORISM**

This endorsement modifies insurance provided by the Policy:

The **terrorism** charge is \$68,313 and is included in the Policy Premium shown on the Declarations Page of this Policy. Notwithstanding anything to the contrary in this Policy, **terrorism** which causes direct physical loss or damage to property is covered.

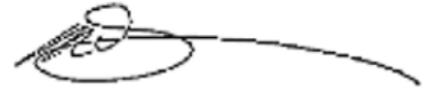
However, the **Company** does not insure for loss or damage caused directly or indirectly by **biological and/or chemical terrorism** whether controlled or uncontrolled, proximate or remote, sudden or over any length of time, or which is contributed to or aggravated by any other event, cause, or peril. Such loss or damage is excluded regardless of any other event, cause, or peril contributing concurrently or in any sequence to the loss or damage.

The following definitions apply to this Policy:

1. **Company** means the insurer as shown in the attachment clause of this endorsement.
2. **Biological and/or chemical terrorism** means the dispersal, discharge, or release of pathogenic, toxic, poisonous, or damaging biological or chemical agents or substances in an act(s) of **terrorism**.
3. **Terrorism** means the use or threatened use of force or violence against a person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in any connection with any organization, government, power, authority or military force, when the effect is to intimidate, coerce or harm:
 - a. A government;
 - b. The civilian population of a country, state or community; or
 - c. Disrupt the economy of a country, state or community.

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

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

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Authorized Representative

ENDORSEMENT #002

This endorsement, effective 12:01 AM, 07/01/2017

Forms a part of Policy No.: 017728090

Issued to: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND PARTICIPATING ENTITIES
C/O ARKANSAS INSURANCE DEPARTMENT RISK MANAGEMENT DIVISION

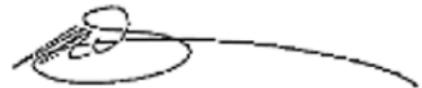
By: NATIONAL UNION FIRE INSURANCE COMPANY

ECONOMIC SANCTIONS ENDORSEMENT

This endorsement modifies insurance provided by the Policy:

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

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

A handwritten signature in black ink, consisting of a stylized 'N' and 'U' followed by a long horizontal stroke.

Authorized Representative

ENDORSEMENT #003

This endorsement, effective 12:01 AM, 07/01/2017

Forms a part of Policy No.: 017728090

**Issued to: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND PARTICIPATING ENTITIES
C/O ARKANSAS INSURANCE DEPARTMENT RISK MANAGEMENT DIVISION**

By: NATIONAL UNION FIRE INSURANCE COMPANY

**POLLUTION, CONTAMINATION, DEBRIS REMOVAL
EXCLUSION ENDORSEMENT**

This endorsement modifies insurance provided by the Policy:

1. Property Not Covered

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

2. Pollution and Contamination Exclusion.

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

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

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

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

3. Asbestos, Dioxin or Polychlorinated Biphenyls Exclusions

This Policy does not cover –

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

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

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

4. Debris Removal Exclusion

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

The Company will not pay the expense to:

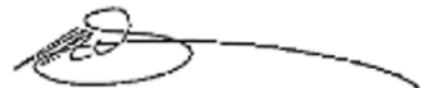
- a) Extract contaminants or pollutants from the debris; or
- b) Extract contaminants or pollutants from land or water; or
- c) Remove, restore or replace contaminated or polluted land or water; or
- d) Remove or transport any property or debris to a site for storage or decontamination required because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

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

5. Authorities Exclusion

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

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



Authorized Representative

ENDORSEMENT #004

This endorsement, effective 12:01 AM, 07/01/2017

Forms a part of Policy No.: 017728090

Issued to: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND PARTICIPATING ENTITIES
C/O ARKANSAS INSURANCE DEPARTMENT RISK MANAGEMENT DIVISION

By: NATIONAL UNION FIRE INSURANCE COMPANY

COMBINED PROPERTY/BOILER & MACHINERY MILLENNIUM ENDORSEMENT

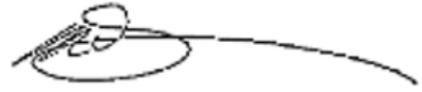
This endorsement modifies insurance provided by the Policy:

- 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, 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 other than its true calendar date; and/or
 3. capture, save, retain or correctly process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture, save, retain or correctly process such data on or after any date.
- B. It is further understood that 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, cyclone, riot, strike, civil commotion, vandalism, malicious mischief, earthquake, volcano, tsunami, freeze or weight of snow, sudden and accidental breakdown of an object, including mechanical and electrical breakdown.

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

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Authorized Representative

ENDORSEMENT #005

This endorsement, effective 12:01 AM, 07/01/2017

Forms a part of Policy No.: 017728090

**Issued to: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND PARTICIPATING ENTITIES
C/O ARKANSAS INSURANCE DEPARTMENT RISK MANAGEMENT DIVISION**

By: NATIONAL UNION FIRE INSURANCE COMPANY

**HIGH HAZARD EARTHQUAKE ZONES
NEW MADRID AND PACIFIC NORTHWEST**

This endorsement modifies insurance provided by the Policy:

New Madrid Earthquake Zone means the following counties and cities within the following states:

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

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

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

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

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

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

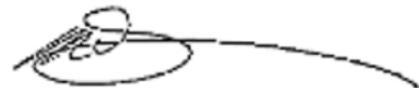
Tennessee: Crockett, Dyer, Haywood, Lake, Lauderdale, Obion, Shelby, Tipton, Gibson, Madison, Fayette, Hardeman.

Pacific Northwest Earthquake Zone means:

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

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

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



Authorized Representative

ENDORSEMENT #006

This endorsement, effective 12:01 AM, 07/01/2017

Forms a part of Policy No.: 017728090

**Issued to: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND PARTICIPATING ENTITIES
C/O ARKANSAS INSURANCE DEPARTMENT RISK MANAGEMENT DIVISION**

By: NATIONAL UNION FIRE INSURANCE COMPANY

STANDARD PROPERTY CONDITIONS

This endorsement modifies insurance provided by the Policy:

The following provisions are hereby made part of this Policy. These provisions shall take precedence if and to the extent there is a conflict with any other policy provision(s).

MINIMUM EARNED PREMIUM CLAUSE

In the event of cancellation of this Policy by the Insured, a minimum premium of \$582,088 shall become earned, any provision of the Policy to the contrary notwithstanding. Failure of the Insured to make timely payment of premium shall be considered a request by the Insured for the Company to cancel on the Insured's behalf. In the event of such cancellation for non-payment of premium, the minimum earned premium shall be due and payable; provided, however, such cancellation shall be rescinded if the Insured remits and the Company receives the full policy premium with 10 days after the date of issuance of the cancellation notice. Such remittance and acceptance by the Company shall not affect the minimum earned premium provision of this endorsement. In the event of any other cancellation by the Company, the earned premium shall be computed pro-rata, not subject to the minimum earned premium.

CANCELLATION CLAUSE

Except and to the extent of the Minimum Earned Premium Clause which is part of this Policy, this clause supersedes other cancellation clauses made a part of this Policy.

CANCELLATION: This Policy may be cancelled by the Insured by surrender thereof to the Company or by mailing to the Company written notice stating when thereafter such cancellation shall be effective. This Policy may be cancelled by the Company by mailing to the Insured, at the mailing address shown in this Policy or last known address, written notice, stating when, not less than 90 days thereafter (10 days for non-payment of premium) such cancellation shall be effective. The effectiveness of cancellation is not dependent on the return of unearned premium with the notice. Proof of mailing of notice as aforesaid shall be sufficient proof of notice. The effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Insured or the Company shall be equivalent to mailing. If the Insured cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment shall be made as soon as practicable after cancellation becomes effective.

SERVICE OF SUIT CLAUSE

In the event of failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a

transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon Counsel, Legal Department, Lexington Insurance Company, 99 High Street, Boston, Massachusetts 02110 or his or her representative, and that in any suit instituted against the Company upon this Policy, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

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

WAR RISK EXCLUSION CLAUSE

The Company shall not be liable for any loss, caused directly or indirectly, by (1) hostile or warlike action in time of peace or war, whether or not declared, including action in hindering, combating or defending against an actual, impending or expected attack (a) by government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval or air forces; or (b) by military, naval or air forces; or (c) by an agent of any such government, power, authority or force (2) any weapon of war employing atomic fission or radioactive force whether in time of peace or war, whether or not its discharge was accidental; (3) insurrection, rebellion, revolution, civil war, usurped power, or action taken by government authority in hindering, combating, or defending against such an occurrence, seizure or destruction; (4) any consequence of any of the foregoing.

NUCLEAR EXCLUSION CLAUSE

The Company shall not be liable for loss by nuclear reaction or nuclear radiation or radioactive contamination all whether controlled or not, 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. If the peril of fire is insured under this Policy, then, subject to the foregoing and all provisions of this Policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this Policy. This Policy does insure against loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Insured premises.

SALVAGE AND RECOVERY CLAUSE

All salvages, recoveries, and payments (other than proceeds from subrogation and underlying insurance), will accrue entirely to the benefit of the Company until the sum paid or payable by the Company is recovered or reduced as applicable.

REQUIREMENTS IN CASE OF LOSS

The Insured shall:

1. Give prompt written notice of any loss or damage to the Company,
2. Promptly contact the applicable authority having jurisdiction in the event a law has been broken, and promptly file a written report with such authority,

3. Protect the property from further loss or damage,
4. Separate the damaged and undamaged personal property,
5. Maintain such property in the best possible order, and
6. Furnish a complete inventory of the lost, destroyed, damaged and undamaged property, showing in detail quantities, costs, actual cash value and amount of loss claimed,
7. Furnish all other documents or insurance policies that the Company may reasonably require,
8. Allow the Company to access and inspect any of the damaged or undamaged property, and
9. Submit to examination under oath at such times as may be reasonably required about any matter relating to this insurance or any claim;

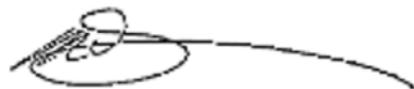
PROOF OF LOSS AND PAYMENT

The Insured shall complete and sign a sworn proof of loss within sixty (60) days after the Company's request stating the time and origin of the loss, the interest of the Insured and of all others in the property, the value of each item thereof determined in accordance with the Valuation conditions of this Policy and the amount of loss or damage thereto and all encumbrances thereon, all other contracts of insurance, whether collectible or not, covering any of said property and any changes in the title, use, occupation, location, possession or exposures of said property subsequent to the issuance of this Policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss whether or not it then stood on leased ground. All adjusted claims shall be due and payable thirty (30) days after the presentation and acceptance of satisfactory proof(s) of loss at the office of the Company at 99 High Street, Boston, Massachusetts 02110.

GOVERNMENT ACTIVITY CLAUSE

The Company shall not be liable for any loss or damage caused directly or indirectly by the seizure, confiscation or destruction of insured property by any governmental body or public authority, including any customs or quarantine action. This exclusion shall not apply to an order or action of a governmental body or public authority to destroy insured property for the purpose of preventing the spread of fire or explosion nor to the enforcement of any law or ordinance relating to the construction or repair of damaged property as covered by DEMOLITION AND INCREASED COST OF CONSTRUCTION of this Policy.

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



Authorized Representative

ENDORSEMENT #007

This endorsement, effective 12:01 AM, 07/01/2017

Forms a part of Policy No.: 017728090

**Issued to: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND PARTICIPATING ENTITIES
C/O ARKANSAS INSURANCE DEPARTMENT RISK MANAGEMENT DIVISION**

By: NATIONAL UNION FIRE INSURANCE COMPANY

WAR AND TERRORISM EXCLUSION ENDORSEMENT

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

This endorsement modifies insurance provided by the Policy:

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

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

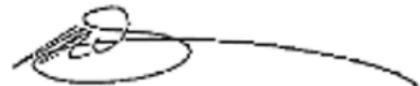
For the purpose of this endorsement an act of terrorism means an act including, but not limited to, the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed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

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

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

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

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



Authorized Representative

ENDORSEMENT #008

This endorsement, effective 12:01 AM, 07/01/2017

Forms a part of Policy No.: 017728090

**Issued To: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND PARTICIPATING ENTITIES
C/O ARKANSAS INSURANCE DEPARTMENT RISK MANAGEMENT DIVISION**

By: NATIONAL UNION FIRE INSURANCE COMPANY

CYBER EXCLUSION WITH LIMITED EXCEPTIONS ENDORSEMENT

This endorsement modifies insurance provided by the Policy:

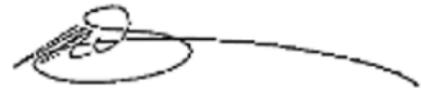
The Insurer will not pay for Damage or Consequential loss directly or indirectly caused by, consisting of, or arising from:

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 Hail.

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 and conditions of the Policy remain the same.



Authorized Representative

ENDORSEMENT #009

This endorsement, effective 12:01 AM, 07/01/2017

Forms a part of Policy No.: 017728090

**Issued to: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND PARTICIPATING ENTITIES
C/O ARKANSAS INSURANCE DEPARTMENT RISK MANAGEMENT DIVISION**

By: NATIONAL UNION FIRE INSURANCE COMPANY

MOLD / FUNGUS EXCLUSION

(with direct result of covered loss exception)

This endorsement modifies insurance provided by the Policy:

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

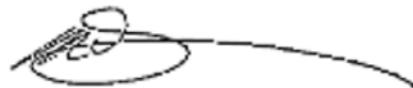
The Company shall not be liable for any loss or damage in the form of, caused by, arising out of, contributed to, or resulting from fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast;

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

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

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

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



Authorized Representative

ENDORSEMENT #010

This endorsement, effective 12:01 AM, 07/01/2017

Forms a part of Policy No.: 017728090

Issued to: ARKANSAS PUBLIC SCHOOL INSURANCE TRUST AND PARTICIPATING ENTITIES
C/O ARKANSAS INSURANCE DEPARTMENT RISK MANAGEMENT DIVISION

By: LEXINGTON INSURANCE COMPANY

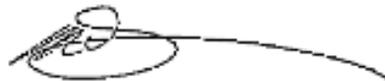
AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided by the Policy:

In consideration of the premium charged, it is agreed that the following is hereby added in the policy:

- **EQUIPMENT BREAKDOWN SCHEDULE**

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

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Authorized Representative

EQUIPMENT BREAKDOWN SCHEDULE

The Company shall not be liable for more than the Equipment Breakdown Limit for loss or damage arising from any "one accident".

These coverages apply to all locations covered on the policy, unless otherwise specified. Wherever the term "Company" is used in the Equipment Breakdown Endorsement and the form to which it is attached, it shall also mean "Insurer."

Coverages	Limits

Equipment Breakdown Limit	\$ 250,000,000
Sublimits of Liability (sublimits are within, and do not increase, the Equipment Breakdown Limit stated above):	
Expediting Expense	\$ 250,000
Hazardous Substances	\$ 50,000
Spoilage	\$ 100,000
Computer Equipment	\$ 100,000
Data Restoration	\$ 100,000
CFC Refrigerants	\$ 50,000
Business Interruption	\$ INCLUDED
Extra Expense	\$ 2,000,000
Rental Value	\$ Included in Business Interruption
Contingent Business Interruption:	
Suppliers and/or Receivers of the Insured's Goods or Services	\$ 10,000
"Service Interruption"	\$ 250,000

Deductibles

Combined, All Coverages	\$ 5,000

If a Combined, All Coverages deductible is not entered above, the following deductibles are applicable:

Direct Coverages	\$ NA
Indirect Coverages	\$ N/A or N/A hours; or N/A times ADV.
Spoilage	\$ N/A or

(if no entry, see Direct Coverages)

N/A % of loss, \$ N/A minimum

Other Conditions

Extended Period of Restoration: N/A days

Unless the interruption exceeds See Quote Letter hours, we will not pay for any loss under "Service Interruption" coverage.

NATIONAL UNION FIRE INSURANCE COMPANY EQUIPMENT BREAKDOWN
ENDORSEMENT

EQUIPMENT BREAKDOWN ENDORSEMENT
(Boiler and Machinery)

- (1) This policy covers loss caused by or resulting from an “accident” to “covered equipment.” “Accident” means direct physical loss as follows:
- (a) mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - (b) artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - (c) explosion of steam boilers, steam pipes, steam engines or steam turbines owned or operated by or under the control of the Insured;
 - (d) loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - (e) loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

“Accident” does not include destruction, disruption, distortion or corruption of any computer data, coding, program or software.

- (2) The following coverages also apply to loss caused by or resulting from an “accident” to “covered equipment”. These coverages do not provide additional amounts of insurance.

(a) Expediting Expense

The Company shall be liable for the reasonable extra cost to make temporary repairs and to expedite permanent repairs or permanent replacement of damaged covered property. The Company’s total liability for Expediting Expense resulting from an “accident” to “covered equipment”, is the amount shown in the Equipment Breakdown Schedule.

(b) Hazardous Substances

The Company shall be liable for the additional cost to repair or replace covered property because of contamination by a hazardous substance. This includes the additional expenses to clean up or dispose of such property.

Hazardous substance means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.

Additional costs mean those beyond that which would have been required had no hazardous substance been involved.

The Company’s total liability for loss or damage under this coverage, including actual loss of Business Interruption sustained, necessary Extra Expense incurred, loss of Rental Value and loss under Spoilage coverage, is \$100,000, unless otherwise shown in the Equipment Breakdown Schedule.

Any coverage under the policy for decontamination or pollution cleanup does not apply to this endorsement. Exclusion R.(1) of the form to which this endorsement is attached does not apply to this Hazardous Substances coverage.

(c) Spoilage

The Company shall be liable for:

- (i) the Insured’s loss of “perishable goods” due to spoilage;
- (ii) the Insured’s loss of “perishable goods” due to contamination from the

- (iii) release of refrigerant, including but not limited to ammonia; necessary expenses incurred to reduce the amount of loss under this coverage. The Company shall be liable for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (iv) the Insured's loss of "perishable goods" due to spoilage caused by an "accident" to equipment that is owned by a utility, landlord, or other supplier with whom the Insured has a contract for provision of any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam. This coverage applies only to loss that occurs in buildings owned by the Insured.

If the Insured is unable to replace the "perishable goods" before its anticipated sale, payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident", less discounts and expenses that otherwise would have been incurred. Otherwise payment will be determined in accordance with the Valuation provision of the policy.

The Company's total liability for loss or damage under this coverage is the amount shown in the Equipment Breakdown Schedule.

(d) Computer Equipment

The Company shall be liable for loss or damage caused by or resulting from an "accident" to "computer equipment."

The Company's total liability for loss or damage under this coverage, including actual loss of Business Interruption sustained, necessary Extra Expense incurred, and loss of Rental Value is the amount shown in the Equipment Breakdown Schedule. Computers used primarily to control or operate "covered equipment" are not subject to this limit.

The coverage provided by this provision shall be primary to any coverage provided in the form to which this endorsement is attached for "accident" to "computer equipment." In no event shall liability for loss to "computer equipment" under this endorsement and the form to which it is attached exceed the sublimit(s) stated in the Sublimits of Liability section of the form to which this endorsement is attached.

(e) Data Restoration

The Company shall be liable for the cost to research, replace and restore data, including programs and operating systems, that is lost or corrupted due to an "accident." The Company's total liability for loss or damage under this coverage is \$100,000 unless otherwise shown in the Equipment Breakdown Schedule.

(f) CFC Refrigerants

The Company shall be liable for the additional cost to repair or replace covered property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances. This means the additional expense to do the least expensive of the following:

- (i) Repair the damaged property and replace any lost CFC refrigerant;
 - (ii) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
 - (iii) Replace the system with one using a non-CFC refrigerant.
- Additional costs mean those beyond what would have been required had no CFC refrigerant been involved.

The Company's total liability for loss or damage under this coverage, including actual loss of Business Interruption sustained, necessary Extra Expense incurred, loss of Rental Value and loss under Spoilage coverage, is the amount shown in the Equipment Breakdown Schedule.

(3) BUSINESS INTERRUPTION / EXTRA EXPENSE / RENTAL VALUE

Coverage for Business Interruption, Extra Expense and / or Rental Value provided herein shall apply as respects the Business Interruption, Extra Expense and Rental Value clauses, and any Additional Provisions applicable to Business Interruption, Extra Expense and Rental Value, of the policy to which this endorsement is attached, solely as a result of loss caused by or resulting from an "accident" to "covered equipment" as defined herein.

The Business Interruption, Extra Expense, Rental Value provisions, and any Additional Provisions applicable to Business Interruption, Extra Expense and Rental Value, of the policy to which this endorsement is attached are amended as follows:

- (a) If so indicated in the Equipment Breakdown Schedule, Contingent Business Interruption does not apply to Equipment Breakdown coverage or applies only up to the limit specified on the Equipment Breakdown Schedule.
- (b) As respects Equipment Breakdown coverage only, the Period of Restoration provision is amended to read as follows:

Period of restoration means the period of time that:

- (i) Begins with the date of direct physical loss or damage by any of the perils covered herein, at the described premises; and
- (ii) Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality, plus the number of days, if any, indicated in the Equipment Breakdown Schedule for Extended Period of Restoration.

Period of restoration does not include any increased period required due to the enforcement of any ordinance or law that:

- (i) Regulates the construction, use or repair, or requires the tearing down, of any property; or
- (ii) Requires the Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "contaminants" or "pollutants" as defined in Section 9. Perils Excluded, Paragraph Q.

The expiration date of this policy will not cut short the period of restoration.

(4) ADDITIONAL PERILS EXCLUDED

The following exclusions are in addition to those in the policy attached hereto.

- (a) With respect to coverage provided by this endorsement, the Company shall not be liable for loss or damage caused by or resulting from: fire; lightning; windstorm or hail; explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the passages from that furnace to the atmosphere; any other explosion (except for explosion of steam boilers, steam piping, steam engines or steam turbines); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; breakage of glass; falling objects; weight of snow, ice or sleet; freezing (caused by cold weather); collapse; or molten material.
- (b) With respect to Business Interruption, Extra Expense and Rental Value coverages, the Company shall not be liable for any delay in resuming operations due to the need to reconstruct or reinput data or programs on “media.”
- (c) The Company shall not be liable for loss or damage caused by or resulting from:
 - (i) a hydrostatic, pneumatic, or gas pressure test of any boiler or pressure vessel; or an insulation breakdown test of any type of electrical equipment;
 - (ii) failure to use all reasonable means to protect “perishable goods” from damage following an “accident”;
 - (iii) any defect, virus, loss of data or other situation within “media.” But if loss or damage from an “accident” results, the Company shall be liable for that resulting damage.

(5) DEDUCTIBLES

Only as regards Equipment Breakdown Coverage, the DEDUCTIBLES provision is deleted and replaced with the following:

Unless the Schedule indicates that the deductible is combined for all coverages, multiple deductibles may apply to any “one accident.”

If deductibles vary by type of “covered equipment” and more than one type of “covered equipment” is involved in any “one accident,” the highest deductibles for each coverage will apply.

(a) Direct and Indirect Coverages

Unless otherwise shown in the Equipment Breakdown Schedule, the Direct Coverages Deductibles apply to all loss or damage covered by this endorsement, with the exception of those coverages subject to the Indirect Coverages Deductibles. Unless more specifically indicated in the Equipment Breakdown Schedule, the Indirect Coverages Deductibles apply to Business Interruption, Extra Expense and Rental Value.

(b) Application of Deductibles

(i) Dollar Deductibles

The Company shall not be liable for loss or damage resulting from any “one accident” until the amount of loss or damage exceeds the applicable Deductible shown in the Equipment Breakdown Schedule. The Company shall then pay the amount of loss or damage in excess of the applicable deductible, up to the applicable LIMIT OF LIABILITY

(ii) Time Deductible

If a time deductible is shown in the Equipment Breakdown Schedule, the Company shall not be liable for any loss occurring during the specified number of hours or days immediately following the “accident.” If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

(iii) Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the net profit (or loss) and expenses as described in the policy attached hereto that would have been earned or incurred had no "accident" occurred during the period of interruption of business divided by the number of working days in that period. No reduction shall be made for the net profit (or loss) and expenses not being earned, or in the number of working days, because of the "accident" or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to all locations included in the valuation of the loss.

The number indicated in the Equipment Breakdown Schedule shall be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

(iv) Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, the Company shall not be liable for the indicated percentage of the gross amount of loss or damage (prior to any applicable deductible) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

(6) DEFINITIONS

(a) "Boilers and Vessels" means:

- (i) Any boiler, including attached steam, condensate and feedwater piping; and
- (ii) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in the Equipment Breakdown Schedule.

(b) "Computer equipment" means covered property that is electronic computer or other data processing equipment, including "media" and peripherals used in conjunction with such equipment.

(c) "Covered equipment" means covered property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.

None of the following is "covered equipment":

- (i) structure, foundation, cabinet, compartment or air supported structure or building;
- (ii) insulating or refractory material;
- (iii) sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
- (iv) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (v) vehicle, aircraft, floating vessel or any equipment mounted on such vehicle, aircraft or floating vessel;
- (vi) dragline, excavation or construction equipment; or
- (vii) equipment manufactured by the Insured for sale.

- (d) "Media" means all forms of electronic, magnetic and optical tapes and discs for use in any electronic computer or electronic data processing equipment.
- (e) "One accident" means: If an initial "accident" causes other "accidents," all will be considered "one accident." All "accidents" that are the result of the same event will be considered "one accident."
- (f) "Perishable Goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- (g) "Production Machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. However, "production machinery" does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.
This term does not appear elsewhere in this endorsement, but may appear in the Equipment Breakdown Schedule.
- (h) "Service Interruption" means the Extension of Coverage provided in the form to which this endorsement is attached for interruption of business conducted by the Insured resulting from loss or damage to public utility plants, transformers or switching stations, substations furnishing heat, light, power, water, telephone or gas to the Insured's premises, but within one statute mile of the premises.

(7) **SUSPENSION**

When any "covered equipment" is found to be in, or exposed to a dangerous condition, any representative of the Company may immediately suspend the insurance against loss from an "accident" to said "covered equipment" by mailing or delivering a written notice of suspension to the Insured at the address as shown in the Declarations, or at the address where the "covered equipment" is located. Once suspended in this way, the insurance can be reinstated only by endorsement for that property. If so suspended, the Insured will get a pro rata refund of premium. But the suspension will be effective even if a refund has not been offered or made.

(8) **COINSURANCE**

If indicated in the Equipment Breakdown Schedule, specified coverages may be subject to coinsurance. The Company shall not pay for the full amount of the loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, the Company shall determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. Then the applicable Deductible will be subtracted. The resulting amount, or the applicable limit, is the most the Company shall pay. The remainder of the loss will not be paid.