

IN THE CIRCUIT COURT OF THE 11TH
JUDICIAL CIRCUIT IN AND FOR
MIAMI-DADE COUNTY, FLORIDA

CIRCUIT CIVIL DIVISION

CASE NO. _____

MUSEUM WALK APARTMENTS LLC, a Florida limited liability company, CATALINA HOTEL LLC, a Florida limited liability company, CHESTERFIELD HOTEL AND SUITES LLC, a Florida limited liability company, HARDING HOTEL LLC, a Florida limited liability company, HOLLYWOOD ALL SUITE LLC, a Florida limited liability company, HOTEL CHELSEA SOUTH BEACH LLC, a Florida limited liability company, HOTEL SHELLEY LLC, a Florida limited liability company, METROPOLE HOTEL APARTMENTS LLC, a Florida limited liability company, RIVIERA LOFTS HOTEL LLC, a Florida limited liability company, SEASIDE APARTMENT HOTEL, LLC, a Florida limited liability company, WHITELAW HOTEL SOUTH BEACH LLC, a Florida limited liability company, and 3720 CROYDON LLC, a Florida limited liability company,

Plaintiffs,

v.

CERTAIN UNDERWRITERS AT LLOYD'S, LONDON, a foreign surplus lines insurer, and HDI GLOBAL SPECIALTY SE, a foreign surplus lines insured,

Defendants.

_____ /

COMPLAINT FOR DECLARATORY RELIEF AND DAMAGES

Plaintiffs, MUSEUM WALK APARTMENTS, LLC (“Museum Walk”), CATALINA HOTEL LLC (“Catalina”) CHESTERFIELD HOTEL AND SUITES LLC (“Chesterfield”), HARDING HOTEL LLC (“Harding”), HOLLYWOOD ALL SUITE LLC (“Hollywood”), HOTEL CHELSEA SOUTH BEACH LLC (“Chelsea”), HOTEL SHELLEY LLC (“Shelley”), METROPOLE HOTEL APARTMENTS LLC (“Metropole”), RIVIERA LOFTS HOTEL LLC (“Riviera”), SEASIDE APARTMENT HOTEL, LLC (“Seaside”), WHITELAW HOTEL SOUTH BEACH LLC (“Whitelaw”), and 3720 CROYDON LLC (“3720 Croydon”) (collectively the “Insureds”), through the undersigned counsel hereby sue Defendants CERTAIN UNDERWRITERS AT LLOYD’S LONDON as named in the Schedule of Participation described herein (“Lloyds”), and HDI GLOBAL SPECIALTY SE (“HDI”) (collectively as “Defendants”), stating as follows:

NATURE OF THE ACTION

1. This is an action for declaratory relief and for breach of contract brought pursuant to §86.011, *et seq.*, Florida Statutes and Florida Rule of Civil Procedure 1.110, *et seq.*
2. By this Complaint, the Insureds seek damages and a determination of the parties’ respective rights pursuant to a contract of insurance, bearing Policy Number DCESP00607-03, that provides, *inter alia*, property damage and business interruption coverage; the policy was issued by Defendants to the Insureds as named insureds and/or additional insureds, on an occurrence basis for the period from December 1, 2019 to December 1, 2020 and (the “Business Interruption Policy”). A true and correct copy of the Business Interruption Policy is attached hereto as Exhibit “A” and incorporated herein by reference.

JURISDICTION AND VENUE

3. The Court has personal jurisdiction over Lloyds and HDI because each

contracted to provide insurance coverage in Florida for a Florida risk, each has systematic and continuous business activity in the State of Florida, and the acts and/or omissions described in this Complaint caused injury in Florida.

4. The Court has subject matter jurisdiction over this lawsuit pursuant to §§ 86.011 and 26.012, Florida Statutes, and because the amount in controversy exceeds \$30,000.00.

5. Venue is proper in this Court as the causes of action accrued in Miami-Dade County, Florida.

THE PARTIES

6. Museum Walk is a Florida limited liability company, with its principal place of business in Miami, Miami-Dade County, Florida.

7. Catalina is a Florida limited liability company, with its principal place of business in Miami, Miami-Dade County, Florida.

8. Chesterfield is a Florida limited liability company, with its principal place of business in Miami, Miami-Dade County, Florida.

9. Harding is a Florida limited liability company, with its principal place of business in Miami, Miami-Dade County, Florida.

10. Hollywood is a Florida limited liability company, with its principal place of business in Miami, Miami-Dade County, Florida.

11. Chelsea is a Florida limited liability company, with its principal place of business in Miami, Miami-Dade County, Florida.

12. Shelley is a Florida limited liability company, with its principal place of business in Miami, Miami-Dade County, Florida.

13. Metropole is a Florida limited liability company, with its principal place of business in Miami, Miami-Dade County, Florida.

14. Riviera is a Florida limited liability company, with its principal place of business in Miami, Miami-Dade County, Florida.

15. Seaside is a Florida limited liability company, with its principal place of business in Miami, Miami-Dade County, Florida.

16. Whitelaw is a Florida limited liability company, with its principal place of business in Miami, Miami-Dade County, Florida.

17. 3720 Croydon is a Florida limited liability company, with its principal place of business in Miami, Miami-Dade County, Florida.

18. Lloyds is a group of “underwriting syndicates” more particularly described in a “Schedule of Participation,” included in, and forming part of, the Business Interruption Policy. *See* Exhibit A. Lloyds operates, and operated at all times material, as a surplus lines insurer under Florida law and issued the Business Interruption Policy to Florida insureds, covering properties/entities operating in Miami Beach, Miami-Dade County, Florida.

19. HDI is an underwriter more particularly described in a “Schedule of Participation,” included in, and forming part of, the Business Interruption Policy. *See* Exhibit A. HDI operates, and operated at all times material, as a surplus lines insurer under Florida law and issued the Business Interruption Policy to Florida insureds, covering properties/entities operating in Miami Beach, Miami-Dade County, Florida.

FACTUAL BACKGROUND

The COVID-19 Pandemic

7. The Insureds are named insureds and/or additional insureds under the Business Interruption Policy and own boutique hotels in Miami Beach, Florida and known collectively as the “South Beach Group Hotels.”

8. The Insureds’ properties cater to out-of-state and international tourists seeking an “extended stay vacation” that takes advantage of the beaches, restaurants, nightlife, and cultural amenities of South Florida, and capitalize on the “South Beach” brand.

9. The Insureds’ revenue is thus linked to Miami-Dade tourism.

10. In March of 2020, the novel Coronavirus Disease 2019 (COVID-19) shattered the then-thriving tourism business in Miami-Beach.

11. On or about March 9, 2020, Florida Governor Ron DeSantis declared a state of emergency across the state of Florida. Within days, the World Health Organization declared the coronavirus outbreak a pandemic and President Trump declared a national emergency in the United States. In turn, on March 12, 2020, the City Manager for the City of Miami Beach declared a State of Emergency for the City of Miami Beach.

12. By Order dated March 19, 2020, effective March 20, 2020, at 12:01 a.m. (the “Lockdown Order”), the City of Miami Beach ordered the closure of all non-essential retail and commercial establishments within its territorial limits (the “Lockdown”).

13. The government’s response to the pandemic, including the referenced Lockdown Order and additional orders issued at the federal, state, and local levels of government, forced the Insureds to close their properties to the public and barred access to the properties by the Insureds’ employees.

14. The Lockdown Order prevented the Insureds' employees from accessing any of their properties until June 1, 2020.

15. During the Lockdown, there were over a dozen occasions where the Insureds' hotel properties suffered physical damage that caused a delay in the resumption of hotel operations and an associated loss of business income from and after the nominal date that Miami-Beach permitted the Insureds' hotels to "reopen."

16. This physical damage required significant expense to repair and delayed the resumption of the Insureds' business operations; the Insureds in fact failed to earn any meaningful revenue from their hotel operations from the date of the Lockdown Order until July 2021 (the "Business Interruption Loss"). The Business Interruption Loss exceeds \$17,000,000.

The Business Interruption Policy & Claim Denials

17. Lloyds and HDI issued the Business Interruption Policy to the Insureds for the period between December 1, 2019 to December 1, 2020. The Business Interruption Policy includes a Business Income (And Extra Expense) Coverage Form; CP 00 30 10 12 (the "Business Income Form"), which provides:

We will pay for actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be cause by direct physical loss or damage to the property at premises...caused by or result from a Covered Cause of Loss."

See Exhibit A, Business Income Form at Page 1 of 9.

18. The Insureds incurred a loss of "Business Income" during the policy period and thus timely submitted a claim for benefits under the Business Interruption Policy.

19. The Insureds' claim was denied based on the assertion that, *inter alia*, Museum Walk's properties had not suffered any physical damage resulting in a compensable loss. To be clear, Lloyds and HDI denied the existence – not the amount – of a covered loss.

20. On February 22, 2022, the Insureds' counsel wrote to Lloyds and HDI (through its claims administrator) to demand readjustment of the Business Interruption Loss (the "Demand for Readjustment"). A true and correct copy of the Demand for Readjustment is attached hereto as Exhibit "B" and incorporated herein by reference.

21. The Demand for Readjustment articulated the legal and factual errors raised by Lloyds and HDI in denying coverage.

22. Over two months later, on April 27, 2022, counsel for Lloyds and HDI wrote to counsel for the Insureds to respond to the Demand for Readjustment (the "Second Claim Denial"). A true and correct copy of the Second Claim Denial is attached hereto as Exhibit "C," and incorporated herein by reference.

23. As before, the Second Claim Denial explained that "[t]he Insurers¹ previously investigated the Claim and determined that coverage was not available, since no evidence was presented to establish that a direct physical loss to property occurred." *See* Exhibit C. In support of this assertion, the Second Claim Denial made two arguments pertinent here.

24. First, the Second Claim Denial argued that the Museum Walk's claim was barred by certain exclusions for "Governmental Action" and decisions of governmental authorities (collectively the "Governmental Action Exclusions"), and for loss of use (the "Loss of Use Exclusion"). *See* Exhibit C at p. 4.

¹ This term is defined in the Second Claim Denial as Lloyds and HDI.

25. The Governmental Action Exclusions in the Business Interruption Policy provide, in pertinent part, that:

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

* * *

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

-and-

3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a** through **3.c** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

* * *

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

See Exhibit A, Policy Form CP 10 30 10 12 at pp. 1-4 of 10; *see also* Exhibit C. The foregoing exclusions are not, however, applicable.

26. The “Lockdown Order” did not involve a “seizure” of property. The term seizure is undefined in the Business Interruption Policy and the common meaning of such term is “to take possession of.” Plainly, Museum Walk’s hotel properties were not “possessed” by the

government – rather, all employees and patrons were excluded from the properties. Indeed, the cited exclusion makes clear that it applies only to the government’s *physical possession* of covered property, or *an act done* by the government to the covered property in the very next paragraph where it acknowledges that coverage is provided where a “seizure” by a government causes destruction to a covered property. *See* Exhibit A, Policy Form CP 10 30 10 12 at pp. 1-4 of 10.

27. The exclusion for the “[a]cts or decisions...of any...governmental authority” is likewise not applicable because the exclusion does not apply where *there is a covered cause of loss* (here, physical damage to the Insureds’ hotel properties).

28. Second, the Loss of Use Exclusion is inapplicable to the Insureds’ claims. The exclusion provides:

2. We will not pay for loss or damage caused by or resulting from any of the following:

* * *

- b. Delay, loss of use or loss of market.

See Exhibit A, Policy Form CP 10 30 10 12 at pp. 1-4 of 10; *see also* Exhibit C.

29. The insuring clause of the Business Interruption Policy provides coverage for a loss of income during a “suspension” of the Insureds’ “operations.” Thus, interpreting the Loss of Use Exclusion to exclude coverage for the suspension of the Insureds’ operations described herein would render the coverage provided by the Business Interruption Policy illusory, contrary to Florida law and any rational construction.

30. Finally, none of the exclusions cited by Lloyds and HDI are applicable because the cause of the Insureds’ Business Interruption Loss was physical damage to the structure of their hotels. The Second Denial Letter acknowledged as much when it concluded: “If the

insured[s] ha[ve] evidence of a direct physical loss to covered property [Lloyds and HDI] request more information so they can assess this request to reopen the claim.” *See* Exhibit C at p. 5.

31. The Insureds have provided such information to Lloyds and HDI, but Lloyds and HDI still fail to acknowledge coverage for the Business Interruption Loss and to adjust such loss in good faith.

32. Each and every condition precedent to the commencement of these proceedings has occurred or has been waived.

33. The Insureds have engaged the undersigned counsel to prosecute this action and they are obligated to pay the undersigned counsel their reasonable attorneys’ fees and to reimburse their litigation costs.

COUNT I
DECLARATORY RELIEF
(LLOYDS)

34. The Insureds readopt and reallege the allegations contained in Paragraphs 1 through 33 as if fully set forth herein.

35. This is an action for relief under the Declaratory Judgment Act, Chapter 86, Florida Statutes.

36. There is a bona fide, actual, present, and practical need for a declaration arising from the Insureds’ interest in the Business Interruption Policy that requires determining whether the Governmental Action Exclusions and Loss of Use Exclusion apply to the Business Interruption Loss.

37. A present dispute exists between the parties as to the Business Interruption Loss involving a present, ascertained, or ascertainable state of facts or present controversy as to a state

of facts. More specifically, a dispute exists as to whether the Governmental Action Exclusions and Loss of Use Exclusion apply to the Business Interruption Loss.

38. The parties disagree in their interpretation of the Business Interruption Policy and, therefore, require an interpretation of such agreement by the Court under Florida law. The Insureds submit that the Governmental Action Exclusions and Loss of Use Exclusion do not apply to the Business Interruption Loss. Lloyds contends that such exclusions do apply.

39. The Insureds have ascertainable rights under the Business Interruption Policy and are presently in doubt as to such rights due to the material differences in the parties' positions. The Insureds' rights are dependent upon the construction of the Business Interruption Policy as applied to the facts present here.

40. The Insureds have an actual, present, adverse, and antagonistic interest in the subject matter of this lawsuit relating to the interpretation of its rights under the Business Interruption Policy.

41. The parties necessary for a resolution of the dispute and which hold the antagonistic interests present here include the Insureds, Lloyds, and HDI, which are presently before the Court.

42. The declaration sought by the Insureds is not merely seeking legal advice from the Court. The matter presented is an actual dispute between the parties which requires a determination by the Court to resolve.

WHEREFORE, Plaintiffs MUSEUM WALK APARTMENTS LLC, CATALINA HOTEL LLC, CHESTERFIELD HOTEL AND SUITES LLC, HARDING HOTEL LLC, HOLLYWOOD ALL SUITE LLC, HOTEL CHELSEA SOUTH BEACH LLC, HOTEL SHELLEY LLC, METROPOLE HOTEL APARTMENTS LLC, RIVIERA LOFTS HOTEL

LLC, SEASIDE APARTMENT HOTEL, LLC, WHITELAW HOTEL SOUTH BEACH LLC, and 3720 CROYDON LLC, respectfully request that the Court:

- (a) Find and declare that the Business Interruption policy provides coverage for the Businesses Interruption Loss more fully described herein;
- (b) Award it the attorneys' fees and litigation costs incurred in the prosecution of this matter; and
- (c) Award such other relief as is deemed just and proper.

COUNT II
DECLARATORY RELIEF
(HDI)

43. The Insureds readopt and reallege the allegations contained in Paragraphs 1 through 33 as if fully set forth herein.

44. This is an action for relief under the Declaratory Judgment Act, Chapter 86, Florida Statutes.

45. There is a bona fide, actual, present, and practical need for a declaration arising from the Insureds' interest in the Business Interruption Policy that requires determining whether the Governmental Action Exclusions and Loss of Use Exclusion apply to the Business Interruption Loss.

46. A present dispute exists between the parties as to the Business Interruption Loss involving a present, ascertained, or ascertainable state of facts or present controversy as to a state of facts. More specifically, a dispute exists as to whether the Governmental Action Exclusions and Loss of Use Exclusion apply to the Business Interruption Loss.

47. The parties disagree in their interpretation of the Business Interruption Policy and, therefore, require an interpretation of such agreement by the Court under Florida law. The

Insureds submit that the Governmental Action Exclusions and Loss of Use Exclusion do not apply to the Business Interruption Loss. HDI contends that such exclusions do apply.

48. The Insureds have ascertainable rights under the Business Interruption Policy and are presently in doubt as to such rights due to the material differences in the parties' positions. The Insureds' rights are dependent upon the construction of the Business Interruption Policy as applied to the facts present here.

49. The Insureds have an actual, present, adverse, and antagonistic interest in the subject matter of this lawsuit relating to the interpretation of its rights under the Business Interruption Policy.

50. The parties necessary for a resolution of the dispute and which hold the antagonistic interests present here include the Insureds, Lloyds, and HDI, which are presently before the Court.

51. The declaration sought by the Insureds is not merely seeking legal advice from the Court. The matter presented is an actual dispute between the parties which requires a determination by the Court to resolve.

WHEREFORE, Plaintiffs MUSEUM WALK APARTMENTS LLC, CATALINA HOTEL LLC, CHESTERFIELD HOTEL AND SUITES LLC, HARDING HOTEL LLC, HOLLYWOOD ALL SUITE LLC, HOTEL CHELSEA SOUTH BEACH LLC, HOTEL SHELLEY LLC, METROPOLE HOTEL APARTMENTS LLC, RIVIERA LOFTS HOTEL LLC, SEASIDE APARTMENT HOTEL, LLC, WHITELAW HOTEL SOUTH BEACH LLC, and 3720 CROYDON LLC respectfully request that the Court:

- (a) Find and declare that the Business Interruption policy provides coverage for the Businesses Interruption Loss more fully described herein;

- (b) Award it the attorneys' fees and litigation costs incurred in the prosecution of this matter; and
- (c) Award such other relief as is deemed just and proper.

COUNT III
BREACH OF CONTRACT

52. The Insureds readopt and reallege the allegations contained in Paragraphs 1 through 33 as if fully set forth herein.

53. Lloyds agreed to provide insurance coverage for the Business Interruption Loss pursuant to the terms of the Business Interruption Policy.

54. Lloyds breached the Business Interruption Policy by failing to provide such insurance coverage.

55. As a direct and proximate cause of Lloyds' breach, the Insureds have been damaged in an amount in excess of the jurisdictional limits of this Court.

WHEREFORE, Plaintiffs MUSEUM WALK APARTMENTS LLC, CATALINA HOTEL LLC, CHESTERFIELD HOTEL AND SUITES LLC, HARDING HOTEL LLC, HOLLYWOOD ALL SUITE LLC, HOTEL CHELSEA SOUTH BEACH LLC, HOTEL SHELLEY LLC, METROPOLE HOTEL APARTMENTS LLC, RIVIERA LOFTS HOTEL LLC, SEASIDE APARTMENT HOTEL, LLC, WHITELAW HOTEL SOUTH BEACH LLC, and 3720 CROYDON LLC respectfully request that the Court enter judgment against CERTAIN UNDERWRITERS AT LLOYD'S LONDON as named in the Schedule of Participation described *supra* as follows:

- (a) For damages in excess of the jurisdictional limits of this Court for the insurance coverage due and owing under the Business Interruption Policy;
- (b) For litigation costs and attorney's fees pursuant to §§ 626.911, 626.9373, and/or 627.428, Fla. Stat. and/or other applicable law; and

- (c) For such other and further relief as is deemed just and proper.

COUNT IV
BREACH OF CONTRACT

56. The Insureds readopt and reallege the allegations contained in Paragraphs 1 through 33 as if fully set forth herein.

57. HDI agreed to provide insurance coverage for the Business Interruption Loss pursuant to the terms of the Business Interruption Policy.

58. HDI breached the Business Interruption Policy by failing to provide such insurance coverage.

59. As a direct and proximate cause of HDI's breach, the Insureds have been damaged in an amount in excess of the jurisdictional limits of this Court.

WHEREFORE, Plaintiffs MUSEUM WALK APARTMENTS LLC, CATALINA HOTEL LLC, CHESTERFIELD HOTEL AND SUITES LLC, HARDING HOTEL LLC, HOLLYWOOD ALL SUITE LLC, HOTEL CHELSEA SOUTH BEACH LLC, HOTEL SHELLEY LLC, METROPOLE HOTEL APARTMENTS LLC, RIVIERA LOFTS HOTEL LLC, SEASIDE APARTMENT HOTEL, LLC, WHITELAW HOTEL SOUTH BEACH LLC, and 3720 CROYDON LLC, MUSEUM WALK APARTMENTS, LLC respectfully request that the Court enter judgment against HDI GLOBAL SPECIALTY SE as follows:

- (a) For damages in excess of the jurisdictional limits of this Court for the insurance coverage due and owing under the Business Interruption Policy;
- (b) For litigation costs and attorney's fees pursuant to §§ 626.911, 626.9373, and/or 627.428, Fla. Stat. and/or other applicable law; and
- (c) For such other and further relief as is deemed just and proper.

DEMAND FOR JURY TRIAL

Plaintiffs demand trial by jury of all issues triable as of right by jury.

Dated this 14th day of October, 2022.

Respectfully Submitted,

YOUNG FOSTER PLLC
Counsel for Museum Walk
1600 S. Federal Highway, Suite 570
Pompano Beach, Florida 33062
Telephone: (954) 866-3570
Facsimile: (954) 866-3571

By: /s/ Michael C. Foster
Michael C. Foster, Esq.
Florida Bar No. 0042765
michael@youngfoster.com
admin@youngfoster.com

Florida Face Page

Insured's Name: Museum Walk Apts LLC

Policy Number: DCESP00607-03

UMR Number:

Policy Dates: 12/1/2019 to 12/1/2020

Surplus Lines Agent's Name: Alan S. Goldfarb

Surplus Lines Agent's Address: 101 E. Kennedy Boulevard Suite 2175, Tampa FL 33602

Surplus Lines Agent's License Number: A099212

Producing Agent's Name: Fernando Silva

Producing Agent's Physical Address: 201 Alhambra Circle Suite 801 Coral Gables, FL 33114

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

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

Premium: \$171,311.00

TRIA/Terrorism: REJECTED

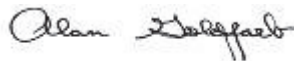
Fees:

Brokerage Fee \$300.00
Inspection Fee - Carrier \$1,375.00
Policy Fee - Carrier \$250.00

Taxes:

Surplus Lines Tax \$8,661.80
State Service Office Fee \$173.24
DEM EMPA Surcharge \$4.00

Total Cost: \$182,075.04



Surplus Lines Agent's Countersignature:

_____ **"THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE OR WIND LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU."**

_____ **"THIS POLICY CONTAINS A CO-PAY PROVISION THAT MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU."**

Insurance is effective with
CERTAIN UNDERWRITERS AT LLOYD'S, LONDON &
HDI GLOBAL SPECIALTY SE
UMR #: B1776XB201101L002
ISSUE DATE: 12/31/2019

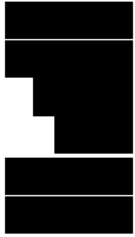
COMMERCIAL LINES POLICY COMMON DECLARATIONS

THE COVERAGE AFFORDED UNDER THIS POLICY IS WRITTEN ON AN OCCURRENCE BASIS

COVERHOLDER: DUAL Commercial, LLC
PRODUCER: RT Specialty
PRODUCER ADDRESS: 101 E. Kennedy Blvd., Suite 2175, Tampa, FL 33602-
POLICY NUMBER: DCESP00607-03 **PRIOR NUMBER:** DCESP00607-02
NAME INSURED: Museum Walk Apts LLC
MAILING ADDRESS: 855 Collins Avenue, Miami Beach, FL 33139-
POLICY PERIOD: From 12/1/2019 To 12/1/2020 at 12:01 A.M. Standard Time at your mailing address shown above.
BUSINESS DESCRIPTION: Limited Liability Corporation


IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

| | | PREMIUM |
|---------------------------------------|----|---|
| Commercial Property Coverage Part | \$ |  |
| TOTAL PREMIUM | \$ | |
| INSPECTION FEE | \$ | |
| POLICY FEE | \$ | |
| GRAND TOTAL | \$ | |
| Amount shown is payable at inception: | \$ | |

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART DECLARATIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

12/31/2019
Date


Authorized Representative

Includes copyrighted material of Insurance Services Office, Inc. with its permission.
Copyright, Insurance Services Office, Inc. 1983, 1984

NAMED INSURED SCHEDULE

Named Insured: Museum Walk Apts LLC

Policy Effective Date: 12/01/2019

Policy Expiration Date: 12/01/2020

This endorsement effective: 12:01 AM 12/01/2019

forms a part of

Policy No: DCEP00607-03

| Location # | Building No. | Named Insured |
|------------|--------------|--|
| 1 | 1 | 3720 Croydon LLC dba Croydon Hotel/Fein#611674476 |
| 1 | 1 | Alan Lieberman |
| 1 | 1 | Catalina Dorset LLC/Fein#208200548 |
| 1 | 1 | Catalina Hotel dba Catalina Hotel & Beach Club/Fein#201385900 |
| 1 | 1 | Chesterfield Hotel and Suites LLC/Fein#650867949 |
| 1 | 1 | Harding 83 LLC/Fein#35-2506436 |
| 1 | 1 | Harding Hotel LLC/Seaside Apartment Hotel LLC |
| 1 | 1 | Hollywood All Suite LLC dba Hollywood Beach Suites Hotel & Hostel/Fein#260114276 |
| 1 | 1 | Hotel Chelsea South Beach LLC/651005035 |
| 1 | 1 | Hotel Revenue Management, Inc./Fein#20803174 |
| 1 | 1 | Hotel Shelly LLC/Fein#650867948 |
| 1 | 1 | Kung Fu Sushi LLC dba Kung Ku Kitchen & Sushi Restaurant |
| 1 | 1 | Maxine Restaurant, LLC/201385900 |
| 1 | 1 | Metropole Hotel Apts LLC/Fein#204428842 |
| 1 | 1 | Museum Walk Apartments LLC dba Tradewinds Apartment Hotel/Fein#581893921 |
| 1 | 1 | Nathan Lieberman |
| 1 | 1 | North Beach Properties II LLC |
| 1 | 1 | PCCO, Inc./Fein#261430414 |
| 1 | 1 | Phillard Apartment Hotel LLC dba Riviera Hotel/Fein#205047711 |
| 1 | 1 | Riveria Lofts Hotel LLC/Fein#263234449 |
| 1 | 1 | South Beach Group Hotels, Inc./Fein#650999233 |
| 1 | 1 | Sunbrite Apartments LLC/Fein#900578860 |
| 1 | 1 | Sunset Apartments LLC |
| 1 | 1 | Taco Beach Shack LLC/Fein#364712119 |
| 1 | 1 | Whitelaw Hotel South Beach LLC/Fein#611685472 |
| 1 | 1 | Women's Club Miami Beach LLC/Fein #90-0988254 |

Insurance is effective with
CERTAIN UNDERWRITERS AT LLOYD'S, LONDON &
HDI GLOBAL SPECIALTY SE
UMR #: B1776XB201101L002

COMMERCIAL PROPERTY DECLARATIONS

NAMED INSURED: Museum Walk Apts LLC

POLICY NUMBER: DCESP00607-03

DESCRIPTION OF PREMISES

Refer to Supplemental Declarations Form DCESP005 0116

COVERAGES PROVIDED

Refer to Supplemental Declarations Form DCESP005 0116

OPTIONAL COVERAGES

Refer to Supplemental Declarations Form DCESP005 0116

SUBLIMITS

Not Applicable

MORTGAGE HOLDER(S) NAME & MAILING ADDRESS

Refer to Mortgagee Additional Interests Schedule

DEDUCTIBLE(S):

\$25,000

NAMED INSURED: Museum Walk Apts LLC
 POLICY NO: DCESP00607-03

COMMERCIAL PROPERTY COVERAGE PART – SUPPLEMENTAL DECLARATIONS PAGE

| PREM NO | BLDG NO | ADDRESS | OCCUPANCY | CONSTRUCTION | COVERAGE | LIMITS OF INSURANCE | COVERED CAUSES OF LOSS | COINSURANCE % | VALUATION |
|---------|---------|--|-------------------|-----------------|--|---------------------|-----------------------------|---------------|-----------|
| 1 | 1 | 855 Collins Avenue Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Building | 2,400,000 | Special excluding Wind/Hail | Waived | RC |
| 1 | 1 | 855 Collins Avenue Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Income including Rental Value | 445,000 | Special excluding Wind/Hail | 50 | |
| 1 | 1 | 855 Collins Avenue Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Personal Property | 500,000 | Special excluding Wind/Hail | 80 | RC |
| 2 | 1 | 835 Collins Ave #2 Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Building | 600,000 | Special excluding Wind/Hail | Waived | RC |
| 2 | 1 | 835 Collins Ave #2 Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Income including Rental Value | 67,500 | Special excluding Wind/Hail | 50 | |
| 2 | 1 | 835 Collins Ave #2 Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Personal Property | 75,000 | Special excluding Wind/Hail | 80 | RC |
| 2 | 2 | 835 Collins Ave #2 Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Building | 600,000 | Special excluding Wind/Hail | Waived | RC |
| 2 | 2 | 835 Collins Ave #2 Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Income including Rental Value | 67,500 | Special excluding Wind/Hail | 50 | |
| 2 | 2 | 835 Collins Ave #2 Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Personal Property | 75,000 | Special excluding Wind/Hail | 80 | RC |
| 3 | 1 | 841 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Building | 1,650,000 | Special excluding Wind/Hail | Waived | RC |
| 3 | 1 | 841 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Income including Rental Value | 135,000 | Special excluding Wind/Hail | 50 | |
| 3 | 1 | 841 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Personal Property | 139,000 | Special excluding Wind/Hail | 80 | RC |
| 4 | 1 | 808 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Building | 2,250,000 | Special excluding Wind/Hail | Waived | RC |
| 4 | 1 | 808 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Income including Rental Value | 155,000 | Special excluding Wind/Hail | 50 | |
| 4 | 1 | 808 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Personal Property | 250,000 | Special excluding Wind/Hail | 80 | RC |
| 5 | 1 | 820 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Fire Resistive | Building | 2,114,775 | Special excluding Wind/Hail | Waived | RC |

| PREM NO | BLDG NO | ADDRESS | OCCUPANCY | CONSTRUCTION | COVERAGE | LIMITS OF INSURANCE | COVERED CAUSES OF LOSS | COINSURANCE % | VALUATION |
|---------|---------|--|-------------------|-----------------|--|---------------------|-----------------------------|---------------|-----------|
| 5 | 1 | 820 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Fire Resistive | Business Income including Rental Value | 45,000 | Special excluding Wind/Hail | 50 | |
| 5 | 1 | 820 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Fire Resistive | Business Personal Property | 112,000 | Special excluding Wind/Hail | 80 | RC |
| 6 | 1 | 844 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Building | 1,950,000 | Special excluding Wind/Hail | Waived | RC |
| 6 | 1 | 844 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Income including Rental Value | 85,000 | Special excluding Wind/Hail | 50 | |
| 6 | 1 | 844 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Personal Property | 250,000 | Special excluding Wind/Hail | 80 | RC |
| 7 | 1 | 944 Washington Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Building | 2,250,000 | Special excluding Wind/Hail | Waived | RC |
| 7 | 1 | 944 Washington Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Income including Rental Value | 220,000 | Special excluding Wind/Hail | 50 | |
| 7 | 1 | 944 Washington Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Personal Property | 210,000 | Special excluding Wind/Hail | 80 | RC |
| 8 | 1 | 1732 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Building | 3,641,550 | Special excluding Wind/Hail | Waived | RC |
| 8 | 1 | 1732 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Income including Rental Value | 487,500 | Special excluding Wind/Hail | 50 | |
| 8 | 1 | 1732 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Personal Property | 1,000,000 | Special excluding Wind/Hail | 80 | RC |
| 9 | 1 | 1756 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Building | 4,325,850 | Special excluding Wind/Hail | Waived | RC |
| 9 | 1 | 1756 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Income including Rental Value | 487,500 | Special excluding Wind/Hail | 50 | |
| 9 | 1 | 1756 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Personal Property | 355,000 | Special excluding Wind/Hail | 80 | RC |
| 10 | 1 | 1720 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Building | 3,925,800 | Special excluding Wind/Hail | Waived | RC |
| 10 | 1 | 1720 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Income including Rental Value | 487,500 | Special excluding Wind/Hail | 50 | |
| 10 | 1 | 1720 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Business Personal Property | 1,000,000 | Special excluding Wind/Hail | 80 | RC |

| PREM NO | BLDG NO | ADDRESS | OCCUPANCY | CONSTRUCTION | COVERAGE | LIMITS OF INSURANCE | COVERED CAUSES OF LOSS | COINSURANCE % | VALUATION |
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| 11 | 1 | 635 Collins Ave Miami Beach, FL 33139 | Apartments and Hotels | Joisted Masonry | Building | 4,632,450 | Special excluding Wind/Hail | Waived | RC |
| 11 | 1 | 635 Collins Ave Miami Beach, FL 33139 | Apartments and Hotels | Joisted Masonry | Business Income including Rental Value | 420,000 | Special excluding Wind/Hail | 50 | |
| 11 | 1 | 635 Collins Ave Miami Beach, FL 33139 | Apartments and Hotels | Joisted Masonry | Business Personal Property | 315,000 | Special excluding Wind/Hail | 80 | RC |
| 12 | 1 | 2000 Liberty Ave Miami Beach, FL 33139 | Apartments and Hotels | Joisted Masonry | Building | 3,750,000 | Special excluding Wind/Hail | Waived | RC |
| 12 | 1 | 2000 Liberty Ave Miami Beach, FL 33139 | Apartments and Hotels | Joisted Masonry | Business Income including Rental Value | 444,000 | Special excluding Wind/Hail | 50 | |
| 12 | 1 | 2000 Liberty Ave Miami Beach, FL 33139 | Apartments and Hotels | Joisted Masonry | Business Personal Property | 390,000 | Special excluding Wind/Hail | 80 | RC |
| 13 | 1 | 320 24th Street Miami Beach, FL 33139 | Apartments and Hotels | Joisted Masonry | Building | 1,019,250 | Special excluding Wind/Hail | Waived | RC |
| 13 | 1 | 320 24th Street Miami Beach, FL 33139 | Apartments and Hotels | Joisted Masonry | Business Income including Rental Value | 60,000 | Special excluding Wind/Hail | 50 | |
| 13 | 1 | 320 24th Street Miami Beach, FL 33139 | Apartments and Hotels | Joisted Masonry | Business Personal Property | 75,000 | Special excluding Wind/Hail | 80 | RC |
| 14 | 1 | 2315 Pinetree Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Building | 1,948,500 | Special excluding Wind/Hail | Waived | RC |
| 14 | 1 | 2315 Pinetree Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Business Income including Rental Value | 132,000 | Special excluding Wind/Hail | 50 | |
| 14 | 1 | 2315 Pinetree Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Business Personal Property | 165,000 | Special excluding Wind/Hail | 80 | RC |
| 15 | 1 | 2335 Pinetree Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Building | 2,016,750 | Special excluding Wind/Hail | Waived | RC |
| 15 | 1 | 2335 Pinetree Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Business Income including Rental Value | 144,000 | Special excluding Wind/Hail | 50 | |
| 15 | 1 | 2335 Pinetree Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Business Personal Property | 180,000 | Special excluding Wind/Hail | 80 | RC |
| 16 | 1 | 2365-73 Pinetree Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Building | 2,729,700 | Special excluding Wind/Hail | Waived | RC |
| 16 | 1 | 2365-73 Pinetree Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Business Income including Rental Value | 144,000 | Special excluding Wind/Hail | 50 | |

| PREM NO | BLDG NO | ADDRESS | OCCUPANCY | CONSTRUCTION | COVERAGE | LIMITS OF INSURANCE | COVERED CAUSES OF LOSS | COINSURANCE % | VALUATION |
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| 16 | 1 | 2365-73 Pinetree Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Business Personal Property | 180,000 | Special excluding Wind/Hail | 80 | RC |
| 17 | 1 | 2370 Flamingo Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Building | 2,444,850 | Special excluding Wind/Hail | Waived | RC |
| 17 | 1 | 2370 Flamingo Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Business Income including Rental Value | 168,000 | Special excluding Wind/Hail | 50 | |
| 17 | 1 | 2370 Flamingo Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Business Personal Property | 210,000 | Special excluding Wind/Hail | 80 | RC |
| 18 | 1 | 2380 Flamingo Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Building | 1,342,950 | Special excluding Wind/Hail | Waived | RC |
| 18 | 1 | 2380 Flamingo Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Business Income including Rental Value | 120,000 | Special excluding Wind/Hail | 50 | |
| 18 | 1 | 2380 Flamingo Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Business Personal Property | 150,000 | Special excluding Wind/Hail | 80 | RC |
| 19 | 1 | 2351-61 Pinetree Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Building | 3,075,600 | Special excluding Wind/Hail | Waived | RC |
| 19 | 1 | 2351-61 Pinetree Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Business Income including Rental Value | 180,000 | Special excluding Wind/Hail | 50 | |
| 19 | 1 | 2351-61 Pinetree Dr Miami Beach, FL 33140 | Apartments and Hotels | Joisted Masonry | Business Personal Property | 225,000 | Special excluding Wind/Hail | 80 | RC |
| 20 | 1 | 1800 James Avenue Miami Beach, FL 33139 | Apartments and Hotels | Joisted Masonry | Building | 4,709,700 | Special excluding Wind/Hail | Waived | RC |
| 20 | 1 | 1800 James Avenue Miami Beach, FL 33139 | Apartments and Hotels | Joisted Masonry | Business Income including Rental Value | 200,000 | Special excluding Wind/Hail | 50 | |
| 20 | 1 | 1800 James Avenue Miami Beach, FL 33139 | Apartments and Hotels | Joisted Masonry | Business Personal Property | 352,500 | Special excluding Wind/Hail | 80 | RC |
| 21 | 1 | 7500 Collins Ave Miami Beach, FL 33141 | Apartments and Hotels | Joisted Masonry | Building | 2,675,400 | Special excluding Wind/Hail | Waived | RC |
| 21 | 1 | 7500 Collins Ave Miami Beach, FL 33141 | Apartments and Hotels | Joisted Masonry | Business Income including Rental Value | 80,000 | Special excluding Wind/Hail | 50 | |
| 21 | 1 | 7500 Collins Ave Miami Beach, FL 33141 | Apartments and Hotels | Joisted Masonry | Business Personal Property | 200,000 | Special excluding Wind/Hail | 80 | RC |
| 22 | 1 | 240 76th Street Miami Beach, FL 33141 | Apartments and Hotels | Joisted Masonry | Building | 1,192,950 | Special excluding Wind/Hail | Waived | RC |

| PREM NO | BLDG NO | ADDRESS | OCCUPANCY | CONSTRUCTION | COVERAGE | LIMITS OF INSURANCE | COVERED CAUSES OF LOSS | COINSURANCE % | VALUATION |
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| 22 | 1 | 240 76th Street Miami Beach, FL 33141 | Apartments and Hotels | Joisted Masonry | Business Income including Rental Value | 40,000 | Special excluding Wind/Hail | 50 | |
| 22 | 1 | 240 76th Street Miami Beach, FL 33141 | Apartments and Hotels | Joisted Masonry | Business Personal Property Building | 100,000 | Special excluding Wind/Hail | 80 | RC |
| 23 | 1 | 8101 Harding Ave Miami Beach, FL 33141 | Offices | Joisted Masonry | Building | 135,450 | Special excluding Wind/Hail | Waived | RC |
| 24 | 1 | 1545 Drexel Ave Miami Beach, FL 33139 | Apartments | Joisted Masonry | Building | 1,200,000 | Special excluding Wind/Hail | Waived | RC |
| 24 | 1 | 1545 Drexel Ave Miami Beach, FL 33139 | Apartments | Joisted Masonry | Business Income including Rental Value | 18,000 | Special excluding Wind/Hail | 50 | |
| 24 | 1 | 1545 Drexel Ave Miami Beach, FL 33139 | Apartments | Joisted Masonry | Business Personal Property | 135,000 | Special excluding Wind/Hail | 80 | RC |
| 25 | 1 | 1330 Pennsylvania Miami Beach, FL 33139 | Apartments | Joisted Masonry | Building | 2,700,000 | Special excluding Wind/Hail | Waived | RC |
| 25 | 1 | 1330 Pennsylvania Miami Beach, FL 33139 | Apartments | Joisted Masonry | Business Income including Rental Value | 48,000 | Special excluding Wind/Hail | 50 | |
| 25 | 1 | 1330 Pennsylvania Miami Beach, FL 33139 | Apartments | Joisted Masonry | Business Personal Property | 360,000 | Special excluding Wind/Hail | 80 | RC |
| 26 | 1 | 1524 Lennox Avenue Miami Beach, FL 33139 | Apartments | Joisted Masonry | Building | 1,310,100 | Special excluding Wind/Hail | Waived | RC |
| 26 | 1 | 1524 Lennox Avenue Miami Beach, FL 33139 | Apartments | Joisted Masonry | Business Income including Rental Value | 10,000 | Special excluding Wind/Hail | 50 | |
| 26 | 1 | 1524 Lennox Avenue Miami Beach, FL 33139 | Apartments | Joisted Masonry | Business Personal Property | 75,000 | Special excluding Wind/Hail | 80 | RC |
| 27 | 1 | 334 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 210,000 | Special excluding Wind/Hail | Waived | RC |
| 27 | 1 | 334 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 80,000 | Special excluding Wind/Hail | 50 | |
| 27 | 1 | 334 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 20,000 | Special excluding Wind/Hail | 80 | RC |
| 27 | 2 | 334 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 210,000 | Special excluding Wind/Hail | Waived | RC |
| 27 | 2 | 334 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 20,000 | Special excluding Wind/Hail | 80 | RC |
| 27 | 3 | 334 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 210,000 | Special excluding Wind/Hail | Waived | RC |

| PREM NO | BLDG NO | ADDRESS | OCCUPANCY | CONSTRUCTION | COVERAGE | LIMITS OF INSURANCE | COVERED CAUSES OF LOSS | COINSURANCE % | VALUATION |
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| 27 | 3 | 334 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 20,000 | Special excluding Wind/Hail | 80 | RC |
| 27 | 4 | 334 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 210,000 | Special excluding Wind/Hail | Waived | RC |
| 27 | 4 | 334 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 20,000 | Special excluding Wind/Hail | 80 | RC |
| 27 | 5 | 334 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 210,000 | Special excluding Wind/Hail | Waived | RC |
| 27 | 5 | 334 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 20,000 | Special excluding Wind/Hail | 80 | RC |
| 27 | 6 | 334 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 210,000 | Special excluding Wind/Hail | Waived | RC |
| 27 | 6 | 334 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 20,000 | Special excluding Wind/Hail | 80 | RC |
| 27 | 7 | 334 Arizona St Hollywood, FL 33019 | Restaurants | Fire Resistive | Blanket Business Income Rental Value | 150,000 | Special excluding Wind/Hail | Waived | RC |
| 27 | 7 | 334 Arizona St Hollywood, FL 33019 | Restaurants | Fire Resistive | Blanket Business Income Rental Value | 150,000 | Special excluding Wind/Hail | 50 | RC |
| 27 | 7 | 334 Arizona St Hollywood, FL 33019 | Restaurants | Fire Resistive | Blanket Business Income Rental Value | 150,000 | Special excluding Wind/Hail | 80 | RC |
| 28 | 1 | 323 Polk St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Building | 322,500 | Special excluding Wind/Hail | Waived | RC |
| 28 | 1 | 323 Polk St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Business Income including RentalValue | 15,000 | Special excluding Wind/Hail | 50 | RC |
| 28 | 1 | 323 Polk St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Business PersonalProperty | 10,000 | Special excluding Wind/Hail | 80 | RC |
| 29 | 1 | 320 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Building | 270,750 | Special excluding Wind/Hail | Waived | RC |
| 29 | 1 | 320 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Business Income including RentalValue | 15,000 | Special excluding Wind/Hail | 50 | RC |
| 29 | 1 | 320 Arizona St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Business Personal Property | 10,000 | Special excluding Wind/Hail | 80 | RC |
| 30 | 1 | 321 Polk St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Building | 366,000 | Special excluding Wind/Hail | Waived | RC |
| 30 | 1 | 321 Polk St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Business Income including RentalValue | 15,000 | Special excluding Wind/Hail | 50 | RC |

| PREM NO | BLDG NO | ADDRESS | OCCUPANCY | CONSTRUCTION | COVERAGE | LIMITS OF INSURANCE | COVERED CAUSES OF LOSS | COINSURANCE % | VALUATION |
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| 30 | 1 | 321 Polk St Hollywood, FL 33019 | Hotels and Motels | Joisted Masonry | Business Personal Property | 10,000 | Special excluding Wind/Hail | 80 | RC |
| 31 | 1 | 310 Arizona St Hollywood, FL 33019 | Hotels and Motels | Fire Resistive | Building | 325,125 | Special excluding Wind/Hail | Waived | RC |
| 31 | 1 | 310 Arizona St Hollywood, FL 33019 | Hotels and Motels | Fire Resistive | Business Income including Rental Value | 15,000 | Special excluding Wind/Hail | 50 | |
| 31 | 1 | 310 Arizona St Hollywood, FL 33019 | Hotels and Motels | Fire Resistive | Business Personal Property | 25,000 | Special excluding Wind/Hail | 80 | RC |
| 32 | 1 | 316 Arizona St Hollywood, FL 33019 | Hotel with Office | Joisted Masonry | Building | 328,650 | Special excluding Wind/Hail | Waived | RC |
| 32 | 1 | 316 Arizona St Hollywood, FL 33019 | Hotel with Office | Joisted Masonry | Business Income including Rental Value | 15,000 | Special excluding Wind/Hail | 50 | |
| 32 | 1 | 316 Arizona St Hollywood, FL 33019 | Hotel with Office | Joisted Masonry | Business Personal Property | 25,000 | Special excluding Wind/Hail | 80 | RC |
| 33 | 1 | 318 20th Street Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 2,550,000 | Special excluding Wind/Hail | Waived | RC |
| 33 | 1 | 318 20th Street Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 888,000 | Special excluding Wind/Hail | 50 | |
| 33 | 1 | 318 20th Street Miami Beach, FL 33139 | Hotels and Motels | Joisted Masonry | Blanket Business Income Rental Value | 210,000 | Special excluding Wind/Hail | 80 | RC |
| 33 | 2 | 318 20th Street Miami Beach, FL 33139 | Hotels and Motels | Fire Resistive | Blanket Business Income Rental Value | 4,050,000 | Special excluding Wind/Hail | Waived | RC |
| 33 | 2 | 318 20th Street Miami Beach, FL 33139 | Hotels and Motels | Fire Resistive | | 215,000 | Special excluding Wind/Hail | 80 | RC |
| 34 | 1 | 7710 Harding Ave Miami Beach, FL 33141 | Apartments | Joisted Masonry | Business Personal Property | 1,777,950 | Special excluding Wind/Hail | Waived | RC |
| 34 | 1 | 7710 Harding Ave Miami Beach, FL 33141 | Apartments | Joisted Masonry | Building | 32,000 | Special excluding Wind/Hail | 50 | |
| 34 | 1 | 7710 Harding Ave Miami Beach, FL 33141 | Apartments | Joisted Masonry | Business Income including Rental Value | 80,000 | Special excluding Wind/Hail | 80 | RC |
| 35 | 1 | 8100 Harding Ave Miami Beach, FL 33141 | Apartments | Joisted Masonry | Business Personal Property | 1,291,500 | Special excluding Wind/Hail | Waived | RC |
| 35 | 1 | 8100 Harding Ave Miami Beach, FL 33141 | Apartments | Joisted Masonry | Building | 28,000 | Special excluding Wind/Hail | 50 | |
| | | | | | Business Income including Rental Value | | | | |

| PREM NO | BLDG NO | ADDRESS | OCCUPANCY | CONSTRUCTION | COVERAGE | LIMITS OF INSURANCE | COVERED CAUSES OF LOSS | COINSURANCE % | VALUATION |
|---------|---------|---|--------------------------|-----------------|--|---------------------|-----------------------------|---------------|-----------|
| 35 | 1 | 8100 Harding Ave Miami Beach, FL 33141 | Apartments | Joisted Masonry | Business Personal Property | 70,000 | Special excluding Wind/Hail | 80 | RC |
| 36 | 1 | 3720 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Fire Resistive | Building | 12,499,650 | Special excluding Wind/Hail | Waived | RC |
| 36 | 1 | 3720 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Fire Resistive | Business Income including Rental Value | 800,000 | Special excluding Wind/Hail | 50 | |
| 36 | 1 | 3720 Collins Ave Miami Beach, FL 33139 | Hotels and Motels | Fire Resistive | Business Personal Property | 470,000 | Special excluding Wind/Hail | 80 | RC |
| 37 | 1 | 2401 Pinetree Dr Miami Beach, FL 33140 | Banquet Hall | Joisted Masonry | Building | 987,450 | Special excluding Wind/Hail | Waived | RC |
| 37 | 1 | 2401 Pinetree Dr Miami Beach, FL 33140 | Banquet Hall | Joisted Masonry | Business Income including Rental Value | 25,000 | Special excluding Wind/Hail | 50 | |
| 37 | 1 | 2401 Pinetree Dr Miami Beach, FL 33140 | Banquet Hall | Joisted Masonry | Business Personal Property | 25,000 | Special excluding Wind/Hail | 80 | RC |
| 38 | 1 | 210 63rd Street Miami Beach, FL 33141 | Hotels and Motels | Joisted Masonry | Building | 2,483,250 | Special excluding Wind/Hail | Waived | RC |
| 38 | 1 | 210 63rd Street Miami Beach, FL 33141 | Hotels and Motels | Joisted Masonry | Business Income including Rental Value | 240,000 | Special excluding Wind/Hail | 50 | |
| 38 | 1 | 210 63rd Street Miami Beach, FL 33141 | Hotels and Motels | Joisted Masonry | Business Personal Property | 240,000 | Special excluding Wind/Hail | 80 | RC |
| 39 | 1 | 7310 Harding Ave Miami Beach, FL 33140 | Apartment Hotel Building | Joisted Masonry | Building | 2,156,250 | Special excluding Wind/Hail | Waived | RC |
| 39 | 1 | 7310 Harding Ave Miami Beach, FL 33140 | Apartment Hotel Building | Joisted Masonry | Business Income including Rental Value | 56,000 | Special excluding Wind/Hail | 50 | |
| 39 | 1 | 7310 Harding Ave Miami Beach, FL 33140 | Apartment Hotel Building | Joisted Masonry | Business Personal Property | 140,000 | Special excluding Wind/Hail | 80 | RC |
| 40 | 1 | 6084 Collins Avenue Miami Beach, FL 33140 | Hotels and Motels | Joisted Masonry | Building | 1,643,100 | Special excluding Wind/Hail | Waived | RC |
| 40 | 1 | 6084 Collins Avenue Miami Beach, FL 33140 | Hotels and Motels | Joisted Masonry | Business Income including Rental Value | 160,000 | Special excluding Wind/Hail | 50 | |
| 40 | 1 | 6084 Collins Avenue Miami Beach, FL 33140 | Hotels and Motels | Joisted Masonry | Business Personal Property | 160,000 | Special excluding Wind/Hail | 80 | RC |
| 41 | 1 | 6055 Indian Creek Drive Miami Beach, FL 33140 | Apartment Hotel Building | Joisted Masonry | Building | 665,850 | Special excluding Wind/Hail | Waived | RC |

| PREM NO | BLDG NO | ADDRESS | OCCUPANCY | CONSTRUCTION | COVERAGE | LIMITS OF INSURANCE | COVERED CAUSES OF LOSS | COINSURANCE % | VALUATION |
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| 41 | 1 | 6055 Indian Creek Drive Miami Beach, FL 33140 | Apartment Hotel Building | Joisted Masonry | Business Income including Rental Value | 40,000 | Special excluding Wind/Hail | 50 | |
| 41 | 1 | 6055 Indian Creek Drive Miami Beach, FL 33140 | Apartment Hotel Building | Joisted Masonry | Business Personal Property | 40,000 | Special excluding Wind/Hail | 80 | RC |
| 42 | 1 | 6061 Indian Creek Dr Miami Beach, FL 33140 | Apartments | Joisted Masonry | Building | 950,400 | Special excluding Wind/Hail | Waived | RC |
| 42 | 1 | 6061 Indian Creek Dr Miami Beach, FL 33140 | Apartments | Joisted Masonry | Business Income including Rental Value | 30,000 | Special excluding Wind/Hail | 50 | |
| 42 | 1 | 6061 Indian Creek Dr Miami Beach, FL 33140 | Apartments | Joisted Masonry | Business Personal Property | 30,000 | Special excluding Wind/Hail | 80 | RC |
| 43 | 1 | 6755 Harding Ave Miami Beach, FL 33141 | Apartments | Joisted Masonry | Building | 1,259,100 | Special excluding Wind/Hail | Waived | RC |
| 43 | 1 | 6755 Harding Ave Miami Beach, FL 33141 | Apartments | Joisted Masonry | Business Income including Rental Value | 80,000 | Special excluding Wind/Hail | 50 | |
| 43 | 1 | 6755 Harding Ave Miami Beach, FL 33141 | Apartments | Joisted Masonry | Business Personal Property | 80,000 | Special excluding Wind/Hail | 80 | RC |
| 43 | 2 | 6755 Harding Ave Miami Beach, FL 33141 | Apartments | Joisted Masonry | Building | 778,600 | Special excluding Wind/Hail | Waived | RC |
| 43 | 2 | 6755 Harding Ave Miami Beach, FL 33141 | Apartments | Joisted Masonry | Business Income including Rental Value | 40,000 | Special excluding Wind/Hail | 50 | |
| 43 | 2 | 6755 Harding Ave Miami Beach, FL 33141 | Apartments | Joisted Masonry | Business Personal Property | 70,000 | Special excluding Wind/Hail | 80 | RC |
| 44 | 1 | 8320 Harding Ave. Miami Beach, FL 33141 | Apartment Hotel | Joisted Masonry | Building | 1,369,950 | Special excluding Wind/Hail | Waived | RC |
| 44 | 1 | 8320 Harding Ave. Miami Beach, FL 33141 | Apartment Hotel | Joisted Masonry | Business Income including Rental Value | 90,000 | Special excluding Wind/Hail | 50 | |
| 44 | 1 | 8320 Harding Ave. Miami Beach, FL 33141 | Apartment Hotel | Joisted Masonry | Business Personal Property | 90,000 | Special excluding Wind/Hail | 80 | RC |
| 45 | 1 | 7600 Harding Ave. Miami Beach, FL 33141 | Front Bulding - Apartments | Joisted Masonry | Building | 362,000 | Special excluding Wind/Hail | Waived | RC |
| 45 | 1 | 7600 Harding Ave. Miami Beach, FL 33141 | Front Bulding - Apartments | Joisted Masonry | Business Income including Rental Value | 24,000 | Special excluding Wind/Hail | 50 | |
| 45 | 1 | 7600 Harding Ave. Miami Beach, FL 33141 | Front Bulding - Apartments | Joisted Masonry | Business Personal Property | 20,000 | Special excluding Wind/Hail | 80 | RC |

| PREM NO | BLDG NO | ADDRESS | OCCUPANCY | CONSTRUCTION | COVERAGE | LIMITS OF INSURANCE | COVERED CAUSES OF LOSS | COINSURANCE % | VALUATION |
|---------|---------|---|--------------------------|-----------------|--|---------------------|-----------------------------|---------------|-----------|
| 45 | 2 | 7600 Harding Ave. Miami Beach, FL 33141 | Rear Building Apartments | Joisted Masonry | Building | 543,000 | Special excluding Wind/Hail | Waived | RC |
| 45 | 2 | 7600 Harding Ave. Miami Beach, FL 33141 | Rear Building Apartments | Joisted Masonry | Business Income including Rental Value | 36,000 | Special excluding Wind/Hail | 50 | |
| 45 | 2 | 7600 Harding Ave. Miami Beach, FL 33141 | Rear Building Apartments | Joisted Masonry | Business Personal Property | 30,000 | Special excluding Wind/Hail | 80 | RC |

**Refer to Business Income Optional Coverage

OPTIONAL COVERAGE(S)

SUB-LIMITS OF INSURANCE

ALL SUB-LIMITS OF INSURANCE ARE CONTAINED WITHIN THE LIMIT OF INSURANCE IN ANY ONE OCCURRENCE AND ARE NOT IN ADDITION TO THE LIMIT OF INSURANCE

| <u>PREM NO</u> | <u>BLDG NO</u> | <u>COVERAGE</u> | <u>LIMIT OF INSURANCE</u> |
|----------------|----------------|-----------------|---------------------------|
|----------------|----------------|-----------------|---------------------------|

ADDITIONAL DEDUCTIBLES

| <u>PREM NO</u> | <u>BLDG NO</u> | <u>DESCRIPTION</u> | <u>DEDUCTIBLE</u> |
|----------------|----------------|--------------------|-------------------|
| | | Not Applicable | |

OPTIONAL COVERAGE(S)

SUB-LIMITS OF INSURANCE

ALL SUB-LIMITS OF INSURANCE ARE CONTAINED WITHIN THE LIMIT OF INSURANCE IN ANY ONE OCCURRENCE AND ARE NOT IN ADDITION TO THE LIMIT OF INSURANCE

| <u>PREM NO</u> | <u>BLDG NO</u> | <u>COVERAGE</u> | <u>LIMIT OF INSURANCE</u> |
|----------------|----------------|-----------------|---------------------------|
|----------------|----------------|-----------------|---------------------------|

ADDITIONAL DEDUCTIBLES

| <u>PREM NO</u> | <u>BLDG NO</u> | <u>DESCRIPTION</u> | <u>DEDUCTIBLE</u> |
|----------------|----------------|--------------------|-------------------|
| | | Not Applicable | |

Schedule of Participation

| Insurers | Percentage of Whole |
|----------------------------|----------------------------|
| Lloyd's Syndicate HIS 0033 | 20.00% |
| Lloyd's Syndicate QBE 1886 | 17.50% |
| Lloyd's Syndicate PIO 1980 | 7.00% |
| Lloyd's Syndicate AXS 1686 | 13.00% |
| Lloyd's Syndicate ARG 2121 | 7.50% |
| Lloyd's Syndicate TRV 5000 | 10.00% |
| Lloyd's Syndicate APL 1969 | 2.50% |
| HDI Global Specialty SE | 22.50% |
| | 100.00% |

MORTGAGEE ADDITIONAL INTERESTS

Named Insured: Museum Walk Apts LLC

Policy Effective Date: 12/01/2019

Policy Expiration Date: 12/01/2020

This endorsement effective: 12:01 AM 12/01/2019

forms a part of

Policy No: DCESP00607-03

| Interest | Loc No. | Bldg No. | | | |
|----------------------------------|---------|----------|--|----|-------|
| C2: Lender's Loss Payable Clause | 1 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| Mortgagee | 1 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| Mortgagee | 1 | 1 | Suntrust Bank, ISAOA, ATIMA PO Box 29220 North Royalton | OH | 44133 |
| Mortgagee | 2 | 1 | Suntrust Bank, ISAOA, ATIMA PO Box 29220 North Royalton | OH | 44133 |
| Mortgagee | 2 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| C2: Lender's Loss Payable Clause | 2 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| C2: Lender's Loss Payable Clause | 2 | 2 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| Mortgagee | 2 | 2 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |

MortSched

| | | | | | |
|----------------------------------|---|---|--|----|------------|
| Mortgagee | 3 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| C2: Lender's Loss Payable Clause | 3 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| C2: Lender's Loss Payable Clause | 4 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| Mortgagee | 4 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| Mortgagee | 4 | 1 | Suntrust Bank, ISAOA, ATIMA PO Box 29220 North Royalton | OH | 44133 |
| Mortgagee | 5 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| C2: Lender's Loss Payable Clause | 5 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| C2: Lender's Loss Payable Clause | 6 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| Mortgagee | 6 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| Mortgagee MortSched | 6 | 1 | Bank of America, N.A. NC1-028-2608 | NC | 28230-0120 |

Loan #1537208-00001
PO Box 31020
Charlotte

| | | | | | |
|----------------------------------|----|---|--|----|------------|
| Mortgagee | 7 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| C2: Lender's Loss Payable Clause | 7 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| Mortgagee | 7 | 1 | Suntrust Bank, ISAOA, ATIMA PO Box 29220 North Royalton | OH | 44133 |
| Mortgagee | 8 | 1 | City National Bank of Florida, ISAOA/ATIMA PO Box 7034805 Dallas | TX | 75370-3805 |
| Mortgagee | 9 | 1 | City National Bank of Florida, ISAOA/ATIMA PO Box 7034805 Dallas | TX | 75370-3805 |
| Mortgagee | 10 | 1 | City National Bank of Florida, ISAOA/ATIMA PO Box 7034805 Dallas | TX | 75370-3805 |
| Mortgagee | 11 | 1 | BanESCO USA, ISAOA, ATIMA 150 Alhambra Circle, Ste. 100 Miami | FL | 33134-4527 |
| C2: Lender's Loss Payable Clause | 12 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| Mortgagee | 12 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| Mortgagee | 13 | 1 | BankUnited, N.A. ISAOA/ATIMA | MI | 48099-5919 |
| MortSched | | | | | |

PO Box 5919
Troy

| | | | | | |
|-----------|----|---|---|----|------------|
| Mortgagee | 14 | 1 | Bankunited, N.A. ISAOA/ATIMA PO Box 5919 Troy | MI | 48099-5919 |
| Mortgagee | 15 | 1 | Bankunited, N.A. ISAOA/ATIMA PO Box 5919 Troy | MI | 48099-5919 |
| Mortgagee | 16 | 1 | Bankunited, N.A. ISAOA/ATIMA PO Box 5919 Troy | MI | 48099-5919 |
| Mortgagee | 17 | 1 | Bankunited, N.A. ISAOA/ATIMA PO Box 5919 Troy | MI | 48099-5919 |
| Mortgagee | 18 | 1 | Bankunited, N.A. ISAOA/ATIMA PO Box 5919 Troy | MI | 48099-5919 |
| Mortgagee | 18 | 1 | Mercantil Commercebank, N.A. ISAOA 12496 NW 25 Street Miami | FL | 33182 |
| Mortgagee | 18 | 1 | Caliber Home Loans, Inc. ISAOA PO Box 77341 Springfield | OH | 45501-5601 |
| Mortgagee | 18 | 1 | America's Servicing Company ISAOA PO Box 77341 Springfield | OH | 45501-5601 |
| Mortgagee | 19 | 1 | Bankunited, N.A. ISAOA/ATIMA PO Box 5919 Troy | MI | 48099-5919 |
| Mortgagee | 20 | 1 | Bankunited, N.A. ISAOA/ATIMA PO Box 5919 Troy | MI | 48099-5919 |
| Mortgagee | 20 | 1 | Mercantil Commercebank, N.A. ISAOA 12496 NW 25 Street Miami | FL | 33182 |
| Mortgagee | 21 | 1 | Bankunited, N.A. ISAOA/ATIMA PO Box 5919 Troy | MI | 48099-5919 |

MortSched

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|-----------|----|---|---|----|------------|
| Mortgagee | 22 | 1 | Bankunited, N.A. ISAOA/ATIMA PO Box 5919 Troy | MI | 48099-5919 |
| Mortgagee | 22 | 1 | Suntrust Bank, ISAOA, ATIMA PO Box 29220 North Royalton | OH | 44133 |
| Mortgagee | 23 | 1 | Mercantil Commercebank, N.A. ISAOA 12496 NW 25 Street Miami | FL | 33182 |
| Mortgagee | 23 | 1 | Bankunited, N.A. ISAOA/ATIMA PO Box 5919 Troy | MI | 48099-5919 |
| Mortgagee | 24 | 1 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 25 | 1 | City National Bank of Florida, ISAOA/ATIMA PO Box 7034805 Dallas | TX | 75370-3805 |
| Mortgagee | 26 | 1 | BanESCO USA, ISAOA, ATIMA 150 Alhambra Circle, Ste. 100 Miami | FL | 33134-4527 |
| Mortgagee | 27 | 1 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 27 | 2 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 27 | 3 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 27 | 4 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |

MortSched

| | | | | | |
|-------------------------------------|----|---|---|----|-------|
| Mortgagee | 27 | 5 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 27 | 6 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 27 | 7 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 28 | 1 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 29 | 1 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 30 | 1 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 31 | 1 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 32 | 1 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 33 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| C2: Lender's Loss Payable Clause | 33 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |

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|----------------------------------|----|---|--|----|------------|
| C2: Lender's Loss Payable Clause | 33 | 2 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| Mortgagee | 33 | 2 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| Mortgagee | 34 | 1 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 35 | 1 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 36 | 1 | Banescos USA, ISAOA, ATIMA 150 Alhambra Circle, Ste. 100 Miami | FL | 33134-4527 |
| Mortgagee | 37 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| C2: Lender's Loss Payable Clause | 37 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| C2: Lender's Loss Payable Clause | 38 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| Mortgagee | 38 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee PO Box 20001 Kennesaw | GA | 30156 |
| Mortgagee | 39 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee | GA | 30156 |

MortSched

PO Box 20001
Kennesaw

| | | | | | |
|----------------------------------|----|---|--|----|------------|
| C2: Lender's Loss Payable Clause | 39 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee | GA | 30156 |
| | | | PO Box 20001 Kennesaw | | |
| C2: Lender's Loss Payable Clause | 40 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee | GA | 30156 |
| | | | PO Box 20001 Kennesaw | | |
| Mortgagee | 40 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee | GA | 30156 |
| | | | PO Box 20001 Kennesaw | | |
| Mortgagee | 41 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee | GA | 30156 |
| | | | PO Box 20001 Kennesaw | | |
| C2: Lender's Loss Payable Clause | 41 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee | GA | 30156 |
| | | | PO Box 20001 Kennesaw | | |
| C2: Lender's Loss Payable Clause | 42 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee | GA | 30156 |
| | | | PO Box 20001 Kennesaw | | |
| Mortgagee | 42 | 1 | Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee | GA | 30156 |
| | | | PO Box 20001 Kennesaw | | |
| Mortgagee | 43 | 1 | Bankunited, N.A. ISAOA/ATIMA PO Box 5919 Troy | MI | 48099-5919 |
| Mortgagee | 43 | 2 | Bankunited, N.A. ISAOA/ATIMA PO Box 5919 Troy | MI | 48099-5919 |

MortSched

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|-----------|----|---|---|----|------------|
| Mortgagee | 44 | 1 | Amerant Bank, N.A., ISAOA PO Box 226555 Miami | FL | 33222 |
| Mortgagee | 45 | 1 | Bankunited, N.A. ISAOA/ATIMA PO Box 5919 Troy | MI | 48099-5919 |
| Mortgagee | 45 | 2 | Bankunited, N.A. ISAOA/ATIMA PO Box 5919 Troy | MI | 48099-5919 |

Schedule of Forms

Named Insured: Museum Walk Apts LLC

Policy No: DCESP00607-03

| Form Name | Form Edition No |
|--|-----------------|
| Commercial Lines Policy Common Declarations | DCESP001 0419 |
| Named Insured Schedule | PGI CPP 004 |
| Commercial Property Declarations | DCESP002 0419 |
| Property Supplemental Declarations | DCESP0050116 |
| Schedule of Participation | DCESP054 0419 |
| Mortgagee Schedule | MortSched |
| Schedule Of Forms | DCESP0041115 |
| Notice to All Policyholders - Important Claim Information | DCESP006 0419 |
| Common Policy Conditions | IL00171198 |
| Minimum Earned Premium Endorsement | DCESP0231115 |
| U.S. Treasury Departments Office of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders | DCESP059 0419 |
| Florida Surplus Lines Notice | LMA 9037 |
| Florida Surplus Lines Notice (Rates and Forms) | LMA 9038 |
| Florida Changes | CP01250212 |
| Policy Change - A | IL12011185 |
| Policy Change - B | IL12011185 |
| Loss Payable Provisions | CP12181012 |
| Windstorm or Hail Exclusion | CP10540607 |
| War & Civil War Exclusion Clause | NMA464 |
| Building and Personal Property Coverage Form | CP00101012 |
| Business Income (And Extra Expense) Coverage Form | CP00301012 |
| Commercial Property Conditions | CP00900788 |
| Causes of Loss - Special Form | CP10301012 |
| Exclusion of Certified Acts of Terrorism (Rejected) | IL09530115 |
| Microorganism Exclusion (ABSOLUTE) | LMA5018 |
| Service of Suit | LMA 5020 |
| Radioactive Contamination Exclusion Clause | NMA1191 |
| Land, Water and Air Exclusion | NMA2341 |
| Seepage and/or Pollution and/or Contamination Exclusion | NMA2342 |
| Applicable Law | LMA5021 |
| Electronic Data Endorsement D | NMA2915A |
| Several Liability Notice Clause | LMA 5096 |
| Biological or Chemical Materials Exclusion | NMA2962 |

NOTICE TO ALL POLICYHOLDERS
IMPORTANT CLAIM INFORMATION

TO REPORT A CLAIM OR IF YOU HAVE ANY QUESTIONS RELATED TO A CLAIM,
PLEASE REFER THESE MATTERS TO THE ADMINISTRATORS AS OUTLINED BELOW:

FOR ALL PROPERTY LOSSES PLEASE

EMAIL TO: claims@vanguardclaims.com

OR CALL or FAX TO:

VCA (TPA) for DUAL

Commercial

PHONE: (888) 601-3200

FAX: (888) 601-8035

PLEASE NOTE THAT A LOSS ACCORD FORM IS REQUIRED WHEN SUBMITTING A NEW LOSS.

IF YOU NEED ANY FURTHER ASSISTANCE, PLEASE CONTACT YOUR LOCAL AGENT.

COMMON POLICY CONDITIONS

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

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

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

C. Examination Of Your Books And Records

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

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

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

F. Transfer Of Your Rights And Duties Under This Policy

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINIMUM EARNED PREMIUM

This endorsement modifies and is subject to the insurance provided under the following:

Provision **A.5.** of the **Cancellation** Condition contained in the Common Policy Conditions is deleted in its entirety and replaced with the following:

A. Cancellation

5. If this policy is cancelled, we will send the first Named **Insured** any premium refund due. If we cancel, the refund will be pro rata. If the policy is cancelled at the request of the named **Insured**, the total retained premium by the company shall not be less than **25%** of the premium.

**U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN
ASSETS CONTROL ("OFAC")
ADVISORY NOTICE TO POLICYHOLDERS**

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC.

Please read this Notice carefully.

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- I Foreign agents;
- I Front organizations;
- I Terrorists;
- I Terrorist organizations; and
- I Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments or premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

The insurer will not provide cover, be liable to pay any claim or provide any benefit if to do so would expose the insurer (or any parent company, direct or indirect holding company of the insurer) to any penalty or restriction including extraterritorial penalties or restrictions so far as such do not contradict laws applicable to the insurer, arising out of any trade and economic sanctions laws or regulations which are applicable to it.

FLORIDA SURPLUS LINES NOTICE (GUARANTY ACT)

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

LMA9037
01 September 2013

FLORIDA SURPLUS LINES NOTICE (RATES AND FORMS)

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

LMA9038
01 September 2013

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A.** When this endorsement is attached to Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The following provision applies when a Coinsurance percentage is shown in the Declarations:
Florida law states as follows:
Coinsurance contract: The rate charged in this policy is based upon the use of the coinsurance clause attached to this policy, with the consent of the Insured.

C. The following is added:

If windstorm is a Covered Cause of Loss and loss or damage to Covered Property is caused by or results from windstorm, the following exclusion applies in:

1. Broward County;
2. Dade County;
3. Martin County;
4. Monroe County;
5. Palm Beach County; and
6. All the areas east of the west bank of the Intracoastal Waterway in the counties of:
 - a. Indian River; and
 - b. St. Lucie.

Windstorm Exterior Paint And Waterproofing Exclusion

We will not pay for loss or damage caused by windstorm to:

1. Paint; or
2. Waterproofing material;

applied to the exterior of buildings unless the building to which such loss or damage occurs also sustains other loss or damage by windstorm in the course of the same storm event. But such coverage applies only if windstorm is a Covered Cause of Loss.

When loss or damage to exterior paint or waterproofing material is excluded, we will not include the value of paint or waterproofing material to determine:

- a. The amount of the Windstorm or Hail Deductible; or
- b. The value of Covered Property when applying the Coinsurance Condition.

D. The **Loss Payment** Condition dealing with the number of days within which we must pay for covered loss or damage is replaced by the following:

Provided you have complied with all the terms of this Coverage Part, we will pay for covered loss or damage upon the earliest of the following:

- (1) Within 20 days after we receive the sworn proof of loss and reach written agreement with you;
- (2) Within 30 days after we receive the sworn proof of loss and:
 - (a) There is an entry of a final judgment; or
 - (b) There is a filing of an appraisal award with us; or
- (3) Within 90 days of receiving notice of an initial, reopened or supplemental claim, unless we deny the claim during that time or factors beyond our control reasonably prevent such payment. If a portion of the claim is denied, then the 90-day time period for payment of claim relates to the portion of the claim that is not denied.

Paragraph (3) applies only to the following:

- (a) A claim under a policy covering residential property;
- (b) A claim for building or contents coverage if the insured structure is 10,000 square feet or less and the policy covers only locations in Florida; or

- (c) A claim for contents coverage under a tenant's policy if the rented premises are 10,000 square feet or less and the policy covers only locations in Florida.

E. Sinkhole Collapse Coverage Removed

Sinkhole Collapse coverage is removed, as indicated in Paragraphs **E.1.** through **E.4.**; and coverage for Catastrophic Ground Cover Collapse is added instead as set forth in Paragraph **F.**

1. In the Causes Of Loss – Basic Form and in the Standard Property Policy, Sinkhole Collapse is deleted from the Covered Causes of Loss and sinkhole collapse is no longer an exception to the Earth Movement Exclusion.
2. In the Causes Of Loss – Broad Form, Sinkhole Collapse is deleted from the Covered Causes of Loss and from the Additional Coverage – Collapse; and sinkhole collapse is no longer an exception to the Earth Movement Exclusion.
3. In the Causes Of Loss – Special Form, Sinkhole Collapse is deleted from the "specified causes of loss" and is no longer an exception to the Earth Movement Exclusion.
4. In the Mortgageholders Errors And Omissions Coverage Form, Sinkhole Collapse is deleted from the Covered Causes of Loss under Coverage **B** and from the "specified causes of loss", and is no longer an exception to the Earth Movement Exclusion.

Further, this Coverage Part does not insure against Sinkhole Loss as defined in Florida law unless an endorsement for Sinkhole Loss is made part of this policy. However, if Sinkhole Loss causes Catastrophic Ground Cover Collapse, coverage is provided for the resulting Catastrophic Ground Cover Collapse even if an endorsement for Sinkhole Loss is not made part of this policy.

- F.** The following is added to this Coverage Part as a Covered Cause of Loss. In the Causes Of Loss – Special Form and Mortgageholders Errors And Omissions Coverage Form, the following is also added as a "specified cause of loss". However, as a "specified cause of loss", the following does not apply to the Additional Coverage – Collapse.

Catastrophic Ground Cover Collapse

We will pay for direct physical loss or damage to Covered Property caused by or resulting from catastrophic ground cover collapse, meaning geological activity that results in all of the following:

1. The abrupt collapse of the ground cover;
2. A depression in the ground cover clearly visible to the naked eye;
3. "Structural damage" to the building, including the foundation; and
4. The insured structure being condemned and ordered to be vacated by the governmental agency authorized by law to issue such an order for that structure.

However, damage consisting merely of the settling or cracking of a foundation, structure or building does not constitute loss or damage resulting from a catastrophic ground cover collapse.

The **Earth Movement** Exclusion and the **Collapse** Exclusion do not apply to coverage for Catastrophic Ground Cover Collapse.

Coverage for Catastrophic Ground Cover Collapse does not increase the applicable Limit of Insurance. Regardless of whether loss or damage attributable to catastrophic ground cover collapse also qualifies as Sinkhole Loss or Earthquake (if either or both of those causes of loss are covered under this Coverage Part), only one Limit of Insurance will apply to such loss or damage.

- G.** The following applies to the **Additional Coverage – Civil Authority** under the Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form and Extra Expense Coverage Form:

1. The Additional Coverage – Civil Authority includes a requirement that the described premises are not more than one mile from the damaged property. With respect to described premises located in Florida, such one-mile radius does not apply.
2. The Additional Coverage – Civil Authority is limited to a coverage period of up to four weeks. With respect to described premises located in Florida, such four-week period is replaced by a three-week period.
3. Civil Authority coverage is subject to all other provisions of that Additional Coverage.

H. The following provisions are added to the Duties In The Event Of Loss Or Damage Loss Condition:

- (1) A claim, supplemental claim or reopened claim for loss or damage caused by hurricane or other windstorm is barred unless notice of claim is given to us in accordance with the terms of this policy within three years after the hurricane first made landfall or a windstorm other than hurricane caused the covered damage. (Supplemental claim or reopened claim means an additional claim for recovery from us for losses from the same hurricane or other windstorm which we have previously adjusted pursuant to the initial claim.)

This provision concerning time for submission of claim, supplemental claim or reopened claim does not affect any limitation for legal action against us as provided in this policy under the Legal Action Against Us Condition, including any amendment to that condition.

- (2) Any inspection or survey by us, or on our behalf, of property that is the subject of a claim, will be conducted with at least 48 hours' notice to you. The 48-hour notice may be waived by you.

I. The following definition of structural damage is added with respect to the coverage provided under this endorsement:

"Structural damage" means a covered building, regardless of the date of its construction, has experienced the following.

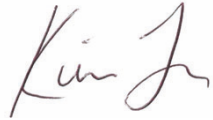
1. Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represent a safety hazard as defined within the Florida Building Code;

2. Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the primary structural members or primary structural systems that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those primary structural members or primary structural systems exceed one and one-third the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;
3. Damage that results in listing, leaning, or buckling of the exterior load bearing walls or other vertical primary structural members to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;
4. Damage that results in the building, or any portion of the building containing primary structural members or primary structural systems, being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or
5. Damage occurring on or after October 15, 2005, that qualifies as substantial structural damage as defined in the Florida Building Code.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGES

POLICY CHANGE – A

| | | |
|---|---|--|
| POLICY NUMBER: DCESP00607-03 | POLICY CHANGES EFFECTIVE: 12/1/2019 | COMPANY: Certain Underwriters at Lloyd's, London & International Insurance Company of Hannover SE |
| NAMED INSURED: Museum Walk Apts LLC | | AUTHORIZED REPRESENTATIVE:  |
| COVERAGE PARTS AFFECTED: Commercial Property | | |

GUESTS' PROPERTY

SCHEDULE

| | | | |
|--|--|-----------------------|---|
| Guests' Property - In Safe Deposit Boxes | | | |
| Address Of Premises | Limit Of Insurance Per Occurrence | | Deductible Amount Per Occurrence |
| | \$ | | \$ |
| Guests' Property - Inside The Premises | | | |
| Address Of Premises | Limit Of Insurance | | Deductible Amount Per Occurrence |
| | Per Guest | Per Occurrence | |
| All Locations - addresses as per Supplemental Declarations Page DCESP0050116 | \$ | \$20,000 | \$1,000 |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. | | | |

With regard to this Guests' Property endorsement, the provisions of the Coverage Form or Policy to which this endorsement is attached apply, unless modified by this endorsement.

A. The following section(s) of this Insuring Agreement for which a Limit Of Insurance is shown in the Schedule is added to Section A. Insuring Agreements:

1. Guests' Property - In Safe Deposit Boxes

We will pay for loss of or damage to "guests' property" for which you are legally liable while the property is in a safe deposit box inside the "premises".

2. Guests' Property - Inside The Premises

We will pay for loss of or damage to "guests' property" for which you are legally liable while the property is inside the "premises" or in your possession.

If you are sued for refusing to pay for loss of or damage to "guests' property", and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is in addition to the applicable Limit Of Insurance shown in the Schedule.

B. Section B. Limit Of Insurance is replaced by the following:

B. Limit Of Insurance

1. Under Paragraph A.1., the most we will pay for all loss resulting directly from an "occurrence" is the Limit Of Insurance shown in the Schedule.
2. Under Paragraph A.2.:
 - a. The most we will pay in the aggregate for all loss resulting directly from an "occurrence" is the Per Occurrence Limit Of Insurance shown in the Schedule.
 - b. Subject to Paragraph B.2.a., the most we will pay for all loss resulting directly from an "occurrence" for any one guest is the Per Guest Limit Of Insurance shown in the Schedule.

C. Section C. Deductible is replaced by the following:

C. Deductible

We will not pay for loss resulting directly from an "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Schedule. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

D. Under Section D. Exclusions:

1. The Acts Committed By Your Employees, Managers, Directors, Trustees Or Representatives Exclusion and the Legal Fees, Costs And Expenses Exclusion do not apply to this Insuring Agreement.

2. The following exclusions are added:

This Insuring Agreement does not cover:

- a. Loss resulting from liability you assume under any written agreement. However, this exclusion does not apply under Paragraph A.2. to any written agreement entered into with a guest before the "occurrence" of any loss or damage that increases to an amount not exceeding \$1,000 any lesser amount you may otherwise be liable for under any statute.
- b. Loss of or damage to property resulting from fire, however caused.
- c. Under Paragraph A.2., loss of or damage to property resulting from the spilling, upsetting or leaking of any food or liquid.
- d. Loss of or damage to property resulting from insects, animals, wear and tear, gradual deterioration or inherent vice.
- e. Under Paragraph A.2., loss of or damage to property while in your care and custody for laundering or cleaning.
- f. Loss resulting from your release of any other person or organization from legal liability.
- g. Under Paragraph A.2., loss of or damage to samples or articles carried or held for sale or delivery after sale.
- h. Under Paragraph A.2., loss of or damage to any vehicle including: (1) Its equipment and accessories; and
(2) Any property contained in or on a vehicle. E.

Under Section E. Conditions:

1. The Records Condition does not apply to this Insuring Agreement.

2. The following condition is added:

Bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Insuring Agreement.

3. The Ownership Of Property; Interests Covered Condition is replaced by the following:

Ownership Of Property; Interests Covered

The property covered under this Insuring Agreement is limited to property belonging to your guests while the property is in a safe deposit box, inside the "premises" or in your possession.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization, including your guest. Any claim for loss that is covered under this Insuring Agreement must be presented by you.

F. Under Section F. Definitions:

1. The following definition is added:

"Guests' property" means "money", "securities" and "other property" belonging to your guest.

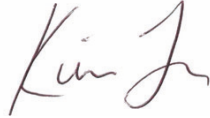
2. The definition of "premises" is replaced by the following:

"Premises" means the interior of that portion of any building at the address shown in the Schedule that you occupy in conducting your business.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGES

POLICY CHANGE – B

| | | |
|--|---|---|
| POLICY NUMBER: DCESP00607-03 | POLICY CHANGES EFFECTIVE: 12/1/2019 | COMPANY: Certain Underwriters at Lloyd's, London & International Insurance Company of Hannover SE |
| NAMED INSURED: Museum Walk Apts LLC | | AUTHORIZED REPRESENTATIVE:  |
| COVERAGE PARTS AFFECTED: Commercial Property | | |
| TRANSIT COVERAGE | | |
| CAUSES OF LOSS – SPECIAL FORM CP10300607 Paragraph F. Additional Coverage Extensions; | | |
| 1. Property in Transit; | | |
| item c. limit of insurance is amended to read \$10,000, subject to a 1,000 per occurrence deductible. | | |



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

BUILDERS' RISK COVERAGE FORM
BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY

SCHEDULE

Location Number: 1, 12, 2, 3, 33, 37, 38, 39, 4, 40, 41, 42, 5, 6, 7
Applicable Clause: C2

Building Number: 1, 2

Description Of Property:

855 Collins Avenue Miami Beach, FL 33139

Loss Payee Name:

Truist Bank, ISAOA/ATIMA, As Mortgagee & Lender Loss Payee

Loss Payee Address:

PO Box 20001 Kennesaw, GA 30156

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.
- C.** The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:
- 1. Loss Payable Clause**

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear
 - 2. Lender's Loss Payable Clause**
 - a. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - (1) Warehouse receipts;
 - (2) A contract for deed;
 - (3) Bills of lading;
 - (4) Financing statements; or
 - (5) Mortgages, deeds of trust, or security agreements.

b. For Covered Property in which both you and a Loss Payee have an insurable interest:

- (1)** We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
- (2)** The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.

(3) If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:

- (a)** Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (b)** Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (c)** Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

(4) If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (a)** The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
- (b)** The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

c. If we cancel this policy, we will give written notice to the Loss Payee at least:

- (1)** 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2)** 30 days before the effective date of cancellation if we cancel for any other reason.

d. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

3. Contract Of Sale Clause

- a. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered into a contract with for the sale of Covered Property.
- b. For Covered Property in which both you and the Loss Payee have an insurable interest, we will:
 - (1) Adjust losses with you; and
 - (2) Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
- c. The following is added to the **Other Insurance** Condition:
For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

4. Building Owner Loss Payable Clause

- a. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building in which you are a tenant.
- b. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
- c. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WINDSTORM OR HAIL EXCLUSION

This endorsement modifies insurance provided under the following:

- CAUSES OF LOSS – BASIC FORM
- CAUSES OF LOSS – BROAD FORM
- CAUSES OF LOSS – SPECIAL FORM
- STANDARD PROPERTY POLICY

SCHEDULE

| Premises Number | Building Number |
|--|-----------------|
| All | All |
| | |
| | |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. | |

With respect to the location(s) indicated in the Schedule, the following provisions apply.

A. The following is added to the Exclusions section and is therefore not a Covered Cause of Loss:

WINDSTORM OR HAIL

We will not pay for loss or damage:

1. Caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage; or
2. Caused by rain, snow, sand or dust, whether driven by wind or not, if that loss or damage would not have occurred but for the Windstorm or Hail.

But if Windstorm or Hail results in a cause of loss other than rain, snow, sand or dust, and that resulting cause of loss is a Covered Cause of Loss, we will pay for the loss or damage caused by such Covered Cause of Loss. For example, if the Windstorm or Hail damages a heating system and fire results, the loss or damage attributable to the fire is covered subject to any other applicable policy provisions.

B. The terms of the Windstorm Or Hail exclusion, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this policy.

C. Under Additional Coverage – Collapse, in the Causes Of Loss – Broad Form, Windstorm or Hail is deleted from Paragraph 2.a.

D. In the Causes Of Loss – Special Form, Windstorm or Hail is deleted from the "specified causes of loss".

E. Under Additional Coverage Extensions – Property In Transit, in the Causes Of Loss – Special Form, Windstorm or Hail is deleted from Paragraph b.(1).

WAR AND CIVIL WAR EXCLUSION CLAUSE

(Approved by Lloyd's Underwriters' Non-Marine Association)

Notwithstanding anything to the contrary contained herein this Policy does not cover Loss or Damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

1/1/38
NMA 464

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property

consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
 - (c) Rowboats or canoes out of water at the described premises; or
 - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
 - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

- (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
 - (e) Remove deposits of mud or earth from the grounds of the described premises;
 - (f) Extract "pollutants" from land or water; or
 - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

| | |
|---------------------------------|--------------------------------|
| Limit of Insurance: | \$ 90,000 |
| Amount of Deductible: | \$ 500 |
| Amount of Loss: | \$ 50,000 |
| Amount of Loss Payable: | \$ 49,500 |
| | (\$50,000 – \$500) |
| Debris Removal Expense: | \$ 10,000 |
| Debris Removal Expense Payable: | \$ 10,000 |
| | (\$10,000 is 20% of \$50,000.) |

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example 2

| | |
|--------------------------------|--------------------|
| Limit of Insurance: | \$ 90,000 |
| Amount of Deductible: | \$ 500 |
| Amount of Loss: | \$ 80,000 |
| Amount of Loss Payable: | \$ 79,500 |
| | (\$80,000 – \$500) |
| Debris Removal Expense: | \$ 40,000 |
| Debris Removal Expense Payable | |
| Basic Amount: | \$ 10,500 |
| Additional Amount: | \$ 25,000 |

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any 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 "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
 - (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:
 - (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
 - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Business Personal Property Temporarily In Portable Storage Units

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
 - (a) Will end 90 days after the business personal property has been placed in the storage unit;
 - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example 1

(This example assumes there is no Coinsurance penalty.)

| | |
|----------------------------------|-----------|
| Deductible: | \$ 250 |
| Limit of Insurance – Building 1: | \$ 60,000 |
| Limit of Insurance – Building 2: | \$ 80,000 |
| Loss to Building 1: | \$ 60,100 |
| Loss to Building 2: | \$ 90,000 |

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

$$\begin{array}{r}
 \$ 60,100 \\
 - \quad 250 \\
 \hline
 \end{array}$$

\$ 59,850 Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:
 \$59,850 + \$80,000 = \$139,850

Example 2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

| | |
|--|------------|
| Loss to Building 1: | \$ 70,000 |
| (Exceeds Limit of Insurance plus Deductible) | |
| Loss to Building 2: | \$ 90,000 |
| (Exceeds Limit of Insurance plus Deductible) | |
| Loss Payable – Building 1: | \$ 60,000 |
| (Limit of Insurance) | |
| Loss Payable – Building 2: | \$ 80,000 |
| (Limit of Insurance) | |
| Total amount of loss payable: | \$ 140,000 |

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (i)** Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
- (ii)** Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:

- (a)** Vandalism;
- (b)** Sprinkler leakage, unless you have protected the system against freezing;
- (c)** Building glass breakage;
- (d)** Water damage;
- (e)** Theft; or
- (f)** Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a.** At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b.** If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example 1 (Underinsurance)

| | | |
|-------|---------------------------------------|------------|
| When: | The value of the property is: | \$ 250,000 |
| | The Coinsurance percentage for it is: | 80% |
| | The Limit of Insurance for it is: | \$ 100,000 |
| | The Deductible is: | \$ 250 |
| | The amount of loss is: | \$ 40,000 |

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example 2 (Adequate Insurance)

| | | |
|-------|---------------------------------------|------------|
| When: | The value of the property is: | \$ 250,000 |
| | The Coinsurance percentage for it is: | 80% |
| | The Limit of Insurance for it is: | \$ 200,000 |
| | The Deductible is: | \$ 250 |
| | The amount of loss is: | \$ 40,000 |

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 ($\$40,000$ amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example 3

When: The value of the property is:

| | |
|---|------------------|
| Building at Location 1: | \$ 75,000 |
| Building at Location 2: | \$ 100,000 |
| Personal Property at Location 2: | <u>\$ 75,000</u> |
| | \$ 250,000 |
| | |
| The Coinsurance percentage for it is: | 90% |
| | |
| The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is: | \$ 180,000 |
| The Deductible is: | \$ 1,000 |
| | |
| The amount of loss is: | |
| Building at Location 2: | \$ 30,000 |
| Personal Property at Location 2: | <u>\$ 20,000</u> |
| | \$ 50,000 |

Step (1): $\$250,000 \times 90\% = \$225,000$
 (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example

If: The applicable Limit of Insurance is: \$ 100,000
 The annual percentage increase is: 8%
 The number of days since the beginning of the policy year (or last policy change) is: 146
 The amount of increase is:
 $\$100,000 \times .08 \times 146 \div 365 =$ \$ 3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:

- (1) The Limit of Insurance applicable to the lost or damaged property;
- (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
- (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- d. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
- (2) When your Civil Authority Coverage for Business Income ends;
- whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.

- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation – Interruption Of Computer Operations – does not apply based on Paragraph **A.4.d.** therein.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;

- (2) 30 days expire after you acquire or begin to construct the property; or
- (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (7) Cooperate with us in the investigation or settlement of the claim.
 - (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:
 - (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
 - (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition

COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

- 1. The Coinsurance percentage shown for Business Income in the Declarations; times
- 2. The sum of:
 - a. The Net Income (Net Profit or Loss before income taxes), and
 - b. Operating expenses, including payroll expenses,that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

- Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
The Coinsurance percentage is: 50%
The Limit of Insurance is: \$ 150,000
The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
The Coinsurance percentage is: 50%
The Limit of Insurance is: \$ 200,000
The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:
 - (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
 - (2) The Limit Of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

Example

| | |
|---|------------|
| When: The Limit of Insurance is: | \$ 120,000 |
| The fraction shown in the Declarations for this Optional Coverage is: | 1/4 |
| The most we will pay for loss in each period of 30 consecutive days is: | \$ 30,000 |
| (\$120,000 x 1/4 = \$30,000) | |
| If, in this example, the actual amount of loss is: | |
| Days 1–30: | \$ 40,000 |
| Days 31–60: | \$ 20,000 |
| Days 61–90: | \$ 30,000 |
| | \$ 90,000 |
| We will pay: | |
| Days 1–30: | \$ 30,000 |
| Days 31–60: | \$ 20,000 |
| Days 61–90: | \$ 30,000 |
| | \$ 80,000 |

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and

- (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
- (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.
- b. The Additional Condition, Coinsurance, is suspended until:
 - (1) 12 months after the effective date of this Optional Coverage; or
 - (2) The expiration date of this policy; whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
 - (1) Within 12 months of the effective date of this Optional Coverage; or
 - (2) When you request a change in your Business Income Limit of Insurance.
- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
 - (1) The Business Income Limit of Insurance; divided by
 - (2) The Agreed Value.

Example

| | |
|----------------------------------|----------------------------------|
| When: The Limit of Insurance is: | \$ 100,000 |
| The Agreed Value is: | \$ 200,000 |
| The amount of loss is: | \$ 80,000 |
| Step (1): | $\$100,000 \div \$200,000 = .50$ |
| Step (2): | $.50 \times \$80,000 = \$40,000$ |

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph A.5.c., **Extended Business Income**, the number 60 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:
 - a. Your business activities occurring at the described premises; and
 - b. The tenability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
3. "Period of restoration" means the period of time that:
 - a. Begins:
 - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;
caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

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

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or

- (2) Requires any 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 "pollutants".

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

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means Business Income that consists of:
 - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "Suspension" means:
 - a. The slowdown or cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

COMMERCIAL PROPERTY CONDITIONS

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

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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

B. CONTROL OF PROPERTY

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

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

C. INSURANCE UNDER TWO OR MORE COVERAGES

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

D. LEGAL ACTION AGAINST US

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

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

E. LIBERALIZATION

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

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

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

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

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

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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

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

This will not restrict your insurance.

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G**. Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b.** Delay, loss of use or loss of market.
- c.** Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.(1)** Wear and tear;
- (2)** Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3)** Smog;
- (4)** Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e.** Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f.** Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g.** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1)** You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

- h.** Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

(1) Applies whether or not an act occurs during your normal hours of operation;

(2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

- i.** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- j.** Rain, snow, ice or sleet to personal property in the open.

- k.** Collapse, including any of the following conditions of property or any part of the property:

(1) An abrupt falling down or caving in;

(2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

(3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.**, does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or

- (b) To collapse caused by one or more of the following:

(i) The "specified causes of loss";

(ii) Breakage of building glass;

(iii) Weight of rain that collects on a roof; or

(iv) Weight of people or personal property.

- l.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.

- m.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

- 3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
 - (a) Your cancelling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph **B.1.a.** Ordinance Or Law;
 - (b) Paragraph **B.1.c.** Governmental Action;
 - (c) Paragraph **B.1.d.** Nuclear Hazard;
 - (d) Paragraph **B.1.e.** Utility Services; and
 - (e) Paragraph **B.1.f.** War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

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

d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

(1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or

(2) Business Income Coverage or Extra Expense Coverage.

e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:

(1) Dampness or dryness of atmosphere or of soil supporting the vegetation;

(2) Changes in or extremes of temperature;

(3) Disease;

(4) Frost or hail; or

(5) Rain, snow, ice or sleet.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

a. Animals, and then only if they are killed or their destruction is made necessary.

b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass; or

(2) Containers of property held for sale.

c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

(1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

(2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):
 - a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.
 - d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:
 - a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
 - a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in **2.a.** or **2.b.**;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.
3. This **Additional Coverage – Collapse** does **not** apply to:
 - a. A building or any part of a building that is in danger of falling down or caving in;
 - b. A part of a building that is standing, even if it has separated from another part of the building; or
 - c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
4. With respect to the following property:
 - a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;
 - f. Piers, wharves and docks;
 - g. Beach or diving platforms or appurtenances;
 - h. Retaining walls; and
 - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
 - b. The personal property which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

- 6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- 7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
- 8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
- c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension **F.3.** does not increase the Limit of Insurance.

G. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

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

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph C) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

| State(s) | Coverage Form, Coverage Part Or Policy |
|--|--|
| CA, CT, GA, HI, IA, IL, MA, ME, MO, NC, NJ, NY, OR, RI, VA, VI, WA, WV, WI | Commercial Property Coverage Part |
| | |
| | |
| | |
| | |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. | |

A. The following definition is added with respect to the provisions of this endorsement:

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

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

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph B. applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

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

D. Application Of Other Exclusions

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

MICROORGANISM EXCLUSION (Absolute)

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

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

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

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

LMA5018

14/09/2005

SERVICE OF SUIT CLAUSE (U.S.A.)

This Service of Suit Clause will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in any Arbitration provision within this Policy. This Clause is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to such Arbitration provision for resolving disputes arising out of this contract of insurance (or reinsurance).

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

| | |
|------------------------------|-----------------------------|
| Lloyd's Syndicates: | Inter Hannover: |
| California: | All States: |
| Foley & Lardner | Drinker, Biddle & Reath LLP |
| 555 California Street | 1177 Avenue of the Americas |
| Suite 1700 | 41st Floor |
| San Francisco, CA 94104-1520 | New York, NY 10036 |
| All Other States: | |
| Mendes & Mount | |
| 750 Seventh Avenue | |
| Suite 24 | |
| New York, NY 10019 | |

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

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

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

LMA5020

14/09/2005

LAND, WATER AND AIR EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure land (including but not limited to land on which the insured property is located), water or air, howsoever and wherever occurring, or any interest or right therein.

NMA2341

24/11/1988

U.S.A. RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE

PHYSICAL DAMAGE - DIRECT

This Policy does not cover any loss or damage arising directly or indirectly from Nuclear Reaction, Nuclear Radiation or Radioactive Contamination, however, such Nuclear Reaction, Nuclear Radiation or Radioactive Contamination may have been caused * NEVERTHELESS if Fire is an insured peril and a Fire arises directly or indirectly from Nuclear Reaction, Nuclear Radiation or Radioactive Contamination, any loss or damage arising directly from that Fire shall (subject to the Provisions of this Policy) be covered EXCLUDING however all loss or damage caused by Nuclear Reaction, Nuclear Radiation or Radioactive Contamination arising directly or indirectly from that Fire.

* N.B. If Fire is not an insured peril under this Policy the words "NEVERTHELESS" to the end of the clause do not apply and should be disregarded.

7/5/59

NMA 1191

APPLICABLE LAW (U.S.A.)

This Insurance shall be subject to the applicable state law to be determined by the court of competent jurisdiction as determined by the provisions of the Service of Suit Clause (U.S.A.)

14/09/2005

LMA5021

Form approved by Lloyd's Market Association

U.S.A. & CANADA

SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION

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

- a) any loss, damage, cost or expense, or
- b) any increase in insured loss, damage, cost or expense, or
- c) any loss, damage, cost, expense, fine or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of, or by any agreement with, any court, government agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation),

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

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

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

N.M.A 2342 (24/11/88) Form approved by Lloyd's Underwriters' Non-Marine Association

ELECTRONIC DATA ENDORSEMENT D

1. Electronic Data Exclusion

- 1.1. Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:
 - 1.1.1. This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.
 - 1.1.2. ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.
 - 1.1.3. COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

2. Electronic Data Processing Media Valuation

- 2.1. Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:
 - 2.1.1. Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

NMA2915A

11/03/2015

SEVERAL LIABILITY CLAUSE

PLEASE NOTE - This notice contains important information. PLEASE READ CAREFULLY

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown in this contract.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA5096 (Combined Certificate)

7 March 2008

BIOLOGICAL OR CHEMICAL MATERIALS EXCLUSION

It is agreed that this Insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

06/02/03
NMA2962



Michael C. Foster, Esq.
Direct Dial: 305.777.6050
E-Mail: mfoster@wargofrench.com

February 22, 2022

VIA ELECTRONIC MAIL:
lmlomax@vanguardclaims.com

Lindsey Lomax
Property Examiner
Vanguard Claims Administration, Inc.
P.O. Box 835
Woodbury, NJ 08096

Re: Your Insured: Museum Walk Apts LLC
Policy No.: DCESP00607-03
Policy Period: 12/01/2019 – 12/01/2020
Claim No.: DUC00067

Dear Ms. Lomax:

We represent Museum Walk Apartments LLC and its affiliates (the “Museum Walk”) in connection with its demand for payment of business income losses, which were timely reported under Policy No. DCESP00607-03 (the “Policy”) and assigned your Claim No. DUC00067. Your letter dated May 8, 2020 (the “Declination Letter”) has therefore been referred to us for a response. As more fully set forth below, the Declination Letter is legally and factually incorrect. We therefore demand an immediate readjustment and payment of the Insured’s substantial losses.

BACKGROUND

Background Facts

Museum Walk is a holding company that owns and operates hotels in the City of Miami Beach, Florida. On March 9, 2020, Florida Governor Ron DeSantis declared a state of emergency applicable to the state of Florida as a consequence of the COVID-19 pandemic. Three days later, the City of Miami Beach followed suit and on March 19, 2020 ordered the closure of all non-essential retail and other commercial establishments within its territorial limits, effective March 20, 2020 at 12:01 a.m. Museum Walk was thus prohibited any access to its hotels until June 1, 2020 (the “Lockdown”). During the Lockdown, there were over a dozen occasions¹ where Museum Walk’s hotel properties suffered physical damage that caused a delay in the resumption of hotel operations and an associated loss of business income upon the nominal date of reopening that were

¹ The following properties owned by the insured had physical damage that resulted in delayed reopening: Metropole Suites, The Whitelaw Hotel, Hotel Shelley, Chesterfield Hotel, The Catalina Hotel & Beach Club, Riviera Suites, Tradewinds Apartment Hotel, Lincoln Arms Suites, Beachside Apartment Hotel, Hollywood Beach Suites, Oceanside Hotel and Waterside Hotel & Suites Miami Beach.

unrelated to the COVID-19 pandemic. This physical damage combined with mask, density and other restrictions associated with the COVID-19 pandemic prevented the Insured from earning any meaningful revenue from its hotel operations from the commencement of the Lockdown until, in certain cases, July 2021.

The Policy & Declination Letter

The Policy was issued by Certain Underwriters at Lloyd's London and HDI Global Specialty SE to Museum Walk, as named insured, for the period between December 1, 2019 to December 1, 2020. The Policy includes a Business Income (And Extra Expense) Coverage Form; CP 00 30 10 12 (the "Business Income Form"), which provides:

We will pay for actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be cause by direct physical loss or damage to the property at premises...caused by or result from a Covered Cause of Loss."

See Business Income Form at Page 1 of 9. The Declination Letter wholly fails to acknowledge the physical damage to Museum Walk's hotel properties and related business income losses (unrelated to the COVID-19 pandemic). Whatever arguments might be raised concerning the applicability of certain terms in the Policy to losses attributed to the COVID-19 pandemic, they are inapplicable to such physical damage and no other exclusions apply.

Moreover, our analysis of the Policy demonstrates that your conclusions concerning the lack of coverage for damages attributable to the Lockdown is in error. First, you acknowledge that coverage under the Policy exists under the Business Income Form for "Business Income and necessary Extra Expense cause by the action of civil authority that prohibits access to the described premises[.]" Plainly, the Lockdown was exactly such an action. Coverage for the Lockdown is not limited by the governmental action exclusion to which the Declination Letter refers where this exclusion only applies where the governmental authority "seizes" or "destroys" the premises. Indeed, any reading of the Policy making "seizure" and "destruction" of Museum Walk's hotels coextensive with the "prohibition" on access to the hotels occasioned by the Lockdown would render the civil authority coverage illusory and such a construction would be contrary to Florida law.

Second, there was a "direct physical loss" to Museum Walk's premises as defined in the Policy by virtue of the Lockdown. Your interpretation of the Policy draws a false equivalency between "direct physical loss" (the term in the Policy) and "direct physical damage." That is, the spread of COVID-19 and the Lockdown caused Museum Walk to be physically limited in the use of its properties and the number of people that could be physically present in its hotels at any given time (if at all). There was, thus, a physical loss of the hotel properties; this loss reduced the value of the properties, satisfying the definitional requirements of the Policy and Florida law. It follows then that the business income losses of Museum Walk were secondary to the insured's physical losses.

Third, the microorganism and pollution exclusions to which you cite is not applicable. Museum Walk's damages do not arise out of the presence of COVID-19 at Museum Walk's hotels (which has never been proven to exist), but rather the prohibition on access described *supra*.

Fourth, physical damage as you define it *did in fact occur* to the properties described above.

Lindsey Lomax
February 22, 2022
Page 3

DEMAND FOR REVIEW OF LOSS

In light of the foregoing, we demand that you review and adjust Museum Walk's loss as required by the Policy. Please let us have your response within the next five (5) business days as to whether you will undertake this process as required by the Policy and Florida law.

Sincerely,

A handwritten signature in black ink, appearing to read 'MCF', with a stylized flourish extending to the right.

Michael C. Foster

BERK, MERCHANT | & | SIMS PLC

PATRICK E. BETAR
PBETAR@BERKLAWFIRM.COM

DIRECT LINE: 786.338.2877
DIRECT FAX: 786.338-2877

April 27, 2022

VIA US MAIL & EMAIL:

Michael C. Foster, Esq.
Young Foster PLLC
1600 S. Federal Highway, Ste. 570
Pompano Beach, FL 33062
Email: michael@youngfoster.com

Re: Insured: Museum Walk Apts., LLC
Policy No.: DCESP00607-03
Policy Period: 12/01/2019 to 12/01/2020
Claim No.: DUC00067
Date of Loss: 03/19/2020

Dear Mr. Foster:

We represent Certain Underwriters at Lloyd's, London and HDI Global Specialty subscribing to Policy No. DCESP00607-03 ("Insurers") in connection with a claim brought by Museum Walk Apts LLC (the "Insured") for alleged loss of income resulting from closure because of the COVID-19 outbreak, to which The Insurers assigned Claim No. DUC00067 (the "Claim"). This correspondence serves as the Insurers' response to your client's request for a readjustment and payment of the Claim.

The Insurers first received notice of the Claim on April 13, 2020, when they were advised that the Insured sustained losses related to the COVID-19 crisis resulting from both the virus itself as well as the actions of civil authorities. As part of their investigation, The Insurers obtained a recorded statement from the Insured's CEO, Stephanie Balzas, on April 16, 2020. During her recorded statement, Ms. Balzas confirmed that the damage being claimed was loss of revenue resulting from the government-mandated closure of hotels. Ms. Balzas also confirmed that there was no direct physical damage to the covered properties.

Following the recorded statement, the Insurers issued a Reservation of Rights letter dated May 8, 2020, which explained the relevant policy provisions and requested that the Insured submit any additional information or documents it believed the Insurers should consider in its evaluation of the

Claim. No further information was provided in response to the Insurers' request.

Therefore, based on the available information, the investigation determined that there was no physical loss or damage to covered property, and the Claim was denied. The Insurers' explained their coverage decision in a letter dated December 29, 2020. As noted in the denial letter, the Policy excludes coverage for loss of business income in the absence of physical damage to property.

The Policy states, in pertinent part:

BUSINESS INCOME (AND EXTRA EXPENSE)
COVERAGE FORM

* * *

A. Coverage

1. Business Income

* * *

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". **The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations.** The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

* * *

5. Additional Coverages

a. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous Physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) Four consecutive weeks after the date of that action; or

(2) When your Civil Authority Coverage for Business Income ends;

whichever is later.

* * *

See Policy Form CP 00 30 10 12 at pp. 1-2 of 9 (emphasis added).

We also direct your attention to the following Policy provisions:

CAUSES OF LOSS – SPECIAL FORM

* * *

A. COVERED CAUSES OF LOSS

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

* * *

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

* * *

2. We will not pay for loss or damage caused by or resulting from any of the following:

* * *

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

* * *

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a through 3.c results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

* * *

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

* * *

See Policy Form CP 10 30 10 12 at pp. 1-4 of 10.

Although the Policy provides coverage for loss of business income due to a necessary suspension of operations, the suspension *must* be caused by direct physical loss of or damage to covered property for such coverage to apply. Moreover, Civil Authority Coverage applies only in the event of damage to property caused by a Covered Cause of Loss. Pursuant to the exclusions outlined in the Policy, coverage is not available for loss caused by seizure or destruction of property by order of governmental authority, for loss or damage caused by delay, loss of use or loss of market.

Despite the Insured's contention that the spread of COVID-19 and the subsequent lockdown limiting the use of its property constituted a physical loss, recent case law supports Underwriters' determination that it did not.

For example, in *Ascent Hospitality Management Co. v. Employers Insurance Co. of Wausau*, No. 21-11924, 2022 WL 130722 (11th Cir. Jan. 14, 2022), the Eleventh Circuit affirmed dismissal of COVID-19-related insurance claims. The court held that, "policy language providing coverage for 'direct

physical loss or damage' unambiguously requires some form of actual, physical damage to the insured property in order to trigger loss of business income and extra expense coverage." *Id.* at *2 (internal quotation marks omitted). Similarly, in *Terry Black's Barbecue, L.L.C. v. State Automobile Mutual Insurance Co.*, – F.4th –, 2022 WL 43170 (5th Cir. Jan. 5, 2022), the Fifth Circuit held that policy language requiring "direct physical loss of or damage to" property is satisfied only by "tangible alteration or deprivation of property," and not by mere loss of use caused by government closure orders. *Id.* at *5; see *Aggie Invs., L.L.C. v. Cont'l Cas. Co.*, No. 21-40382, 2022 WL 67333, at *2 (5th Cir. Jan. 6, 2022) (similarly affirming dismissal of COVID-19-related insurance claims for failure to allege a tangible alteration or deprivation of property). Further, numerous federal trial courts in Florida have "almost uniformly held that economic losses resulting from state and local government orders closing businesses to slow the spread of COVID-19 are not covered under 'all risk' policy language identical to that in this case because such losses were not caused by direct physical loss or damage to the insured property." *Tl v. S.-Owner Ins. Co.*, No. 3:21-cv-178-MCR-EMT, 2022 U.S. Dist. LEXIS 48074, at *10 (N.D. Fla. Mar. 14, 2022) (citations omitted); see, e.g., *Island Hotel Properties, Inc. v. Fireman's Fund Ins. Co.*, 512 F. Supp. 3d 1323 (S.D. Fla 2021); *Emerald Coast Restaurants, Inc. v. Aspen Spec. Ins. Co.*, Case No.: 3:20-cv-05898-TKW-HTC (N.D. Fla. Dec. 18, 2020); *El Novillo Restaurant v. Cert. Underwriters at Lloyd's, London*, 505 F. Supp. 3d 1343 (S.D. Fla. 2020); *Infinity Exhibits, Inc. v. Cert. Underwriters at Lloyd's London Known as Syndicate PEM 4000*, 489 F. Supp. 3d 1303 (M.D. Fla. 2020).

The policy terms at issue here are similar to those in the cases cited above. Here too, loss of or damage to property must be both "direct" and "physical." App. 114 § A.1. The interpretive principles relevant here under Florida law are also similar to those applied by the Eleventh and Fifth Circuits. *Aspen Br.* 16-17; *Ascent*, 2022 WL 130722 at *2; *Terry Black's*, 2022 WL 43170, at *3.

The Insurers previously investigated the Claim and determined that coverage was not available, since no evidence was presented to establish that a direct physical loss to property occurred. We note that your February 22, 2022 letter asserts that physical damage did in fact occur at one or more of the insured properties. There is no description as to the nature of the physical damage in that letter.

If the insured has evidence of a direct physical loss to covered property, the Insurers request more information so they can assess this request to reopen the claim. To that end, the insured is requested to provide a description of the property that is damaged and provide complete inventories of the damaged and undamaged property, including quantities, costs, values and amount of loss claimed. The Insurers also request photographs of the areas of

Michael C. Foster, Esq.

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the property that the insured is claiming suffered direct physical damage. Those requests are made pursuant to the insured's policy. See, Policy Form CP 00 10 10 12 at p. 11 of 16.

The Insurers do not intend by this letter, or any aspect of their investigation of this claim, to waive any rights available to them under the policy or at law. All rights are expressly reserved.

Regards,

/s/ Patrick E. Betar