

Anniversary Renewal Endorsement

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 19

Effective Date: 10/01/2015

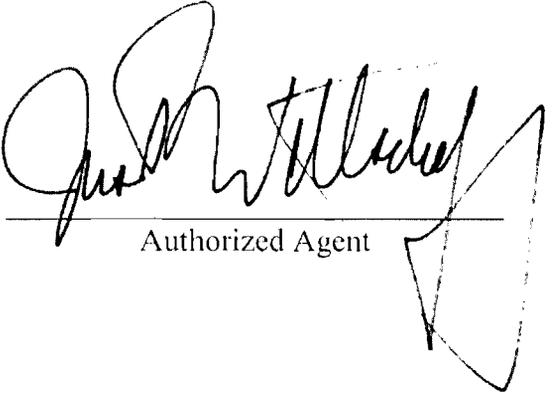
Gross Anniversary Premium: \$458,405

Engineering Fee: \$7,000 (exclusive of any commissions, taxes, fees or surcharges)

The Policy is amended as follows:

- This anniversary renewal endorsement denotes the changes in terms and conditions for the policy period of October 1, 2014 at 12:01 A.M. to October 1, 2015 at 12:01 A.M.
- The Effective Date is amended to October 1, 2015 at 12:01 A.M. to October 1, 2016 at 12:01 A.M. on the policy declaration page, all endorsements and forms in this policy.
- Terrorism Exclusion, Endorsement 12, is deleted and replaced with Terrorism Exclusion, Form #61330 (1/15), Endorsement 20.
- Total Terrorism Exclusion, Endorsement 13, is deleted and replaced with Total Terrorism Exclusion, Form #61331 (1/15), Endorsement 21.

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



Authorized Agent

Terrorism Exclusion

(For Certified Acts of Terrorism under the Terrorism Risk Insurance Act, as amended)

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 20

Effective Date: 10/01/2015

This Policy excludes loss, damage, cost or expense, arising directly or indirectly as a result of a "certified act of terrorism" as defined by the Terrorism Risk Insurance Act of 2002, as amended ("the Act"), and any revisions or amendments thereto, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For purposes of this endorsement and in compliance with the Act, "certified act of terrorism" shall mean an act that is certified by the Secretary of the Treasury in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism pursuant to the Act. The criteria contained in that Act for a "certified act of terrorism" include the following:

1. The act resulted in aggregate losses in excess of \$5 million; 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.

However, if an act of terrorism results in a fire and the direct physical loss or damage to property insured hereunder located in any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, each of the United States Virgin Islands and any territory or possession of the United States, that, either pursuant to the Standard Fire Policy or otherwise, prohibits exclusions for acts of terrorism that result in fire, this Company will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage to property insured hereunder and may be limited, in accordance with the Standard Fire Policy to the lesser of the actual cash value of the property at the time of the loss, or the amount which it would cost to repair or replace the property, without allowance for any increased cost of repair or replacement by reason of any ordinance or law, and without any compensation for business interruption, extra expense to continue business activities, or any other coverage for loss or damage other than direct physical loss or damage to the property insured hereunder.

With respect to fire resulting from any one or more acts of terrorism, this Company will not pay any amounts for which this Company is not responsible under the terms of the Act (including subsequent Congressional action pursuant to the Act) due to the application of Section 103 of the Act or any clause that results in a cap on our liability for payments for terrorism losses.

THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, COVERAGE MAY BE REDUCED.

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

ACE American Insurance Company

Total Terrorism Exclusion

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 21

Effective Date: 10/01/2015

This Endorsement only applies in the United States of America and its Territories and Possessions.

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

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

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

However, if an act of terrorism results in a fire and the direct physical loss or damage to property insured hereunder located in any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, each of the United States Virgin Islands and any territory or possession of the United States, that, either pursuant to the Standard Fire Policy or otherwise, prohibits exclusions for acts of terrorism that result in fire, this Company will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage to property insured hereunder and may be limited, in accordance with the Standard Fire Policy to the lesser of the actual cash value of the property at the time of the loss, or the amount which it would cost to repair or replace the property, without allowance for any increased cost of repair or replacement by reason of any ordinance or law, and without any compensation for business interruption, extra expense to continue business activities, or any other coverage for loss or damage other than direct physical loss or damage to the property insured hereunder.

With respect to fire resulting from any one or more "certified acts of terrorism" as defined under the Federal Terrorism Risk Insurance Act of 2002, as amended ("the Act"), this Company will not pay any amounts for which this Company is not responsible under the terms of the Act (including subsequent Congressional action pursuant to the Act) due to the application of Section 103 of the Act or any clause that results in a cap on our liability for payments for terrorism losses.

THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, COVERAGE MAY BE REDUCED.

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

ACE American Insurance Company

Renewing or in lieu of: EUT NO 51 07 66 0

ACE American Insurance Company
 6 Walnut Street
 Philadelphia, PA 19106

POLICY NO: EUT NO 91 64 85 6

ACE USA PROPERTY

DECLARATIONS

Commission: 10% Service Office: Atlanta, Georgia

Insured: CITY OF LAKE WORTH **Producer:** Public Risk Insurance Agency, Inc.
Address: 1900 2nd Avenue **Address:** P. O. Box 2416
 Lake Worth, FL 33461 Daytona Beach, FL 32115

Policy Period: From 10/01/2014 at 12:01 A.M., to 10/01/2015 at 12:01 A.M. Standard Time at place of issuance.
 To the extent that coverage in this policy replaces coverage in other policies terminating at noon standard time on the inception date of this policy, coverage under this policy shall not become effective until such other coverage has terminated.

The insurance afforded is only with respect to the specific part and coverages therein, the full title of which is set forth below the caption "Form."

PERILS INSURED	COVERAGE PROVIDED	FORM	LIMIT OF LIABILITY	PREMIUM (Gross Annual)
AS PER FORMS AND ENDORSEMENTS ATTACHED	AS PER FORMS AND ENDORSEMENTS ATTACHED	AS PER FORMS AND ENDORSEMENTS ATTACHED	\$117,093,374 per occurrence excess of various deductibles.	\$463,035.00
			CERTIFIED TERRORISM	\$0.00
			NON-CERTIFIED TERRORISM	\$0.00
ISSUED: STARR TECHNICAL RISKS AGENCY, INC.			TOTAL	\$463,035.00

Endorsements attached to policy at inception: Common Policy Conditions (IL00171198), Commercial Property Conditions (CP00900788), OFAC Advisory Notice to Policyholders (ILP0010104) AND SEE DECLARATIONS ATTACHED

Surcharges at inception:

Florida State Property Surcharge	\$4.00		
Florida CPIC Emer. Assessment	\$4,630.35		
Florida Hurricane Catastrophe Assessment	\$6,019.46		
		TOTAL SURCHARGES	\$10,653.81

[Handwritten Signature]

Signature of Authorized Agent

Located at Atlanta, Georgia

11/3/2014

11/3/14

PRIA
 NOV 21 2014
 RECEIVED

This Declaration and Form(s), with Policy Standard Conditions and Endorsements, if any, issued to form a part thereof, completes the above numbered policy.

100%

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.

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.

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:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- 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 nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

Energy Policy Property All Risk Insurance Declarations

Named Insured City of Lake Worth

Mailing Address 1900 2nd Avenue
..... Lake Worth, FL 33461

Policy Number EUT N0 91 64 85 6

Term of Insurance 10/01/2014 12:01 A.M. to 10/01/2015 12:01 A.M.

Gross Annual Premium \$463,035.00

Premium Due Now \$463,035.00

Policy Commission..... 10%

Locations Covered See Schedule of Locations

Policy Limit of Liability \$117,093,374 per occurrence excess of various
..... deductibles

Declarations (continued)

Named Insured..... City of Lake Worth

Policy Number..... EUT N0 91 64 85 6

Effective Date..... 10/01/2014

Coverages

Sublimits

Sublimits are Per Occurrence unless otherwise shown.

The Sublimits below are part of and not in addition to the Policy Limit of Liability.

Sublimits are 100% and are subject to Starr Tech percentage participation.

EARTH MOVEMENT:	\$25,000,000	Annual Aggregate, except
CALIFORNIA EARTH MOVEMENT:	NO COVERAGE	
FLOOD (including Storm Surge):	\$5,000,000	Annual Aggregate, except
FLOOD (Zones A & V and all subzones, including Storm Surge):	\$1,000,000	Annual Aggregate
NAMED WINDSTORM:	\$15,000,000	
ACCOUNTS RECEIVABLE:	\$250,000	
BUSINESS INTERRUPTION:	NO COVERAGE	
DEBRIS REMOVAL:	\$500,000	or 25% of the loss, whichever is greater
DEMOLITION & INCREASED COST OF CONSTRUCTION:	\$250,000	
EDP EQUIPMENT & MEDIA:	\$1,000,000	
EXPEDITING EXPENSE:	\$250,000	
EXTRA EXPENSE:	\$500,000	
HAZARDOUS SUBSTANCES OR CONTAMINANTS:	\$250,000	
NEWLY ACQUIRED LOCATIONS:	\$1,000,000	
MISCELLANEOUS UNNAMED LOCATIONS:	\$250,000	
SERVICE INTERRUPTION:	NO COVERAGE	
TRANSIT:	\$1,000,000	
VALUABLE PAPERS AND RECORDS:	\$250,000	

Declarations *(continued)*

Named Insured City of Lake Worth

Policy Number EUT N0 91 64 85 6

Effective Date 10/01/2014

Deductibles

<u>PROPERTY DAMAGE:</u>	\$300,000, except:
FLOOD (Zones A & V and all subzones, including Storm Surge):	5% of the Property Damage Total Insurable Value of the location(s) involved in the Occurrence, subject to a minimum of \$250,000 per occurrence.
NAMED WINDSTORM:	5% of the Property Damage Total Insurable Value of the location(s) involved in the Occurrence, subject to a minimum of \$250,000 per occurrence
DISPATCH BUILDING & UTILITIES OFFICE:	\$100,000
WATER TREATMENT PLANT/ REVERSE OSMOSIS WATER TREATMENT PLANT:	\$50,000
<u>TIME ELEMENT:</u>	
EXTRA EXPENSE	\$300,000

As respect real and personal property, all claims for loss, damage or expense arising out of any one occurrence shall be adjusted as one claim and from the amount of each such adjusted claim there shall be deducted the sum stated on the Declarations Page.

Deductibles for Property Damage and Time Element shall be applied separately.

Declarations (continued)

Named Insured..... City of Lake Worth

Policy Number..... EUT N0 91 64 85 6

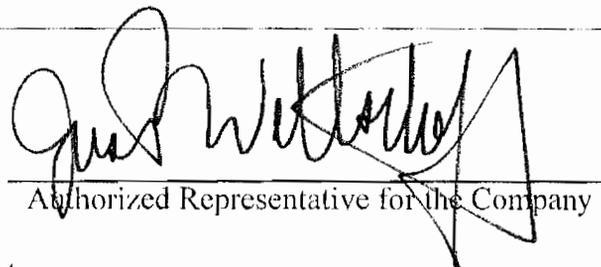
Effective Date..... 10/01/2014

This Policy is made up of these Declarations and the following **Schedules, Forms and Endorsements**

Endorsement No.

Description

	ACE American Declarations Page
	Common Policy Conditions
	Commercial Property Conditions
	OFAC Advisory Notice to Policyholders
	Policy Declarations
	Schedule of Locations
	Energy Policy Form
1.	Accounts Receivable Endorsement
2.	Asbestos Exclusion Endorsement
3.	Biological or Nuclear Exclusion
4.	Data Distortion/ Corruption Endorsement
5.	Earth Movement Exclusion – California Only
6.	Electronic Data Processing Equipment & Media and Extra Expense Endorsement
7.	Extra Expense Endorsement
8.	Extra Expense Restriction Endorsement
9.	Mold Exclusion Endorsement
10.	Named Windstorm Endorsement
11.	Political Risk Exclusion
12.	Terrorism Exclusion
13.	Total Terrorism Exclusion
14.	Valuable Papers and Records Endorsement
15.	Wind Definition
16.	General Change Endorsement
17.	Bridge Wording Endorsement
18.	Signature Page Endorsement
II.0255 0106	Florida Changes – Cancellation and NonRenewal
II.0175 0702	Florida Changes – Legal Action Against Us
ALL-5X45 1196	Florida Notice to Policyholder
	Claims Notification


Authorized Representative for the Company

Schedule of Locations

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Effective Date: 10/01/2014

DESCRIPTION OF OCCUPANCY	ADDRESS	CITY	STATE	ZIP
North Elevated Water Tank	22nd Avenue N & D Street	Lake Worth	FL	33460
South Elevated Water Tank	501 S College Street	Lake Worth	FL	33460
North Booster Ground Water Tank	22nd Avenue	Lake Worth	FL	33460
South Booster Ground Water Tank	15th Avenue S & E Street	Lake Worth	FL	33460
Combined Cycle Generator	117 College Street	Lake Worth	FL	33460
Steam Unit Generator	117 College Street	Lake Worth	FL	33460
Combustion Turbine Generator	117 College Street	Lake Worth	FL	33460
5 EMD Peaking Units	117 College Street	Lake Worth	FL	33460
Dispatch Building - Contents & Computer System	117 College Street	Lake Worth	FL	33460
Dispatch Building	117 College Street	Lake Worth	FL	33460
Parts Warehouse Building	117 College Street	Lake Worth	FL	33460
Utilities Office	1900 Second Avenue North	Lake Worth	FL	33460
Water Treatment Plant	301 S. College Street	Lake Worth	FL	33460
Master Pump Station	Golfview & Lake Avenue - Bryant Park	Lake Worth	FL	33460
Reverse Osmosis Water Treatment Plant	301 S. College Street	Lake Worth	FL	33460
Deep Injection Well	301 S. College Street	Lake Worth	FL	33460
Production Well	517 College Street	Lake Worth	FL	33460
Production Well	1601 Lake Osborne Drive	Lake Worth	FL	33460
Production Well	41 Lake Osborne Drive	Lake Worth	FL	33460

Property All Risk Insurance

I. INSURING AGREEMENT

In consideration of the premium paid, and subject to the terms and conditions of this Policy, the issuing company identified in the Declarations, hereafter referred to as the "Company", agrees to pay the Named Insured, as stated in the Declarations, for loss as described in this Policy.

This policy shall not be valid unless signed at the time of issuance by our authorized representative on the Declarations page of this policy.

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

Words and phrases which begin with a capital letter, other than those which begin a sentence, have special meaning. Refer to the Definition section or to the applicable section headings of the policy or any endorsements thereto.

A. Perils Insured

This policy insures against all risks of direct physical loss or damage to Property Insured from perils not otherwise excluded, subject to the terms and conditions of this policy.

In the event of such direct physical loss or damage to any Property Insured at the Premises Described in the Declarations, and such damage, without the intervention of any other independent cause, results in a sequence of events which causes physical damage to other Property Insured by this policy, then this policy will cover such resulting loss or damage. Nothing in this clause shall be deemed to extend this insurance to property which is otherwise specifically excluded from coverages by the terms of this policy.

B. Territorial Limits

This policy covers Property Insured within the fifty (50) states of the United States of America, the District of Columbia, and Puerto Rico.

C. Property Insured

This policy covers the following kinds of property at the Premises Described in the Declarations unless otherwise excluded:

1. Real property, including improvements and betterments, owned by the Insured, or in which the Insured has an insurable interest; and
2. Personal property owned by the Insured; and
3. Personal property of others which the Insured, prior to a loss, has agreed to insure against

- the types of losses covered by this policy; and
4. Personal property of others in the custody of the Insured and for which the Insured is legally liable; but only to the extent of the Insured's legal liability therefor. This Company agrees to defend any suit against the Insured alleging liability for the damage or destruction of such personal property, even if the allegations of the suit are false, fraudulent, or groundless. The Company may make such investigation or settlement of such suit as the Company deems appropriate.
 5. Personal property of employees, other than motor vehicles.

This policy also covers the following kinds of property, owned by the Insured or others in the custody of the Insured and for which the Insured is legally liable:

6. electrical transmission and distribution lines, line transformers, towers and poles, cables, pipes and pipelines, and equipment or apparatus connected therewith while situated on or within 1,000 feet of the Premises Described in the Declarations.

D. Newly Acquired Locations

Subject to its terms and conditions, this policy also covers property at Newly Acquired Locations, rented, purchased or in the course of construction, acquired after the inception date of this policy for a period of ninety (90) days from the date of acquisition. Permanent coverage may be provided subject to notification to and acceptance by the Company at terms to be agreed upon at the time of acceptance. There shall be no liability under this coverage for loss or damage caused by or resulting from the perils of Flood or Earth Movement.

The Company's total liability under this provision shall be limited to the Sublimit of Liability for Newly Acquired Locations specified in the Declarations, as more fully explained in the Limits and Sublimits of Liability Condition of this policy.

E. Additional Coverages

1. Debris Removal

This policy shall also pay the cost of removing debris of Property Insured that is destroyed or damaged by a Peril Insured herein at Premises Described in the Declarations. The Company's total liability for such payment shall not exceed the greater of (1) 25% of the Company's liability, prior to the application of any deductible(s), for the direct physical loss or damage to Property Insured which necessitated the debris removal, or (2) \$5,000,000. However, in no event shall the Company's liability exceed the amount actually expended by the Insured for the removal of debris. This provision does not include the cost of removing Hazardous Substances or Contaminants from Property Excluded, nor for the cost to remove, restore or replace such property. The coverage that is provided by this provision is part of, and not in addition to, the limits of liability specified elsewhere in this policy.

No liability shall exist under this provision unless such costs are reported to the Company within one hundred eighty (180) days of the date of the Occurrence or the expiration of this policy, whichever shall be earlier.

2. Demolition and Increased Cost of Construction

If at the time of any direct physical loss or damage insured against by this policy there is in force any law, ordinance, rule or regulation regulating the construction, repair, replacement or use of buildings or structures, then this policy is extended to cover:

- a. the additional loss sustained in demolishing any undamaged portion of the buildings or structures necessitated by such law, ordinance, rule or regulation; and
- b. the cost incurred in actually rebuilding both the damaged and demolished portions of such buildings or structures in a manner to satisfy such law, ordinance, rule or regulation.

No liability is assumed under this provision for any increase of loss associated with the enforcement of any law or ordinance, which requires the Insured, or others, to:

- a. test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess, the effects of Hazardous Substances or Contaminants; or
- b. install process improvements or process modifications to property, when either is required or performed to comply with either OSHA regulations or other similar workplace safety regulations, or EPA, or other similar environmental regulations.

The total liability under this provision shall not exceed the actual expenditure incurred in demolishing the undamaged portion of the building(s) or structure(s) involved, plus the lesser of the following:

- a. the actual expenditure incurred, not including the cost of land, in rebuilding on another site; or
- b. the cost of rebuilding on the same site.

The Company's total liability under this provision shall not exceed the greater of \$500,000 or, where specified, the Sublimit of Liability for Demolition and Increased Cost of Construction shown in the Declarations, as more fully explained in the Limits and Sublimits of Liability Condition of this policy.

3. Expediting Expense

This policy shall also pay for the reasonable extra cost to make temporary repairs and to expedite the permanent repair or replacement of Property Insured damaged by a Peril Insured, including overtime and the extra cost of express or other rapid means of transportation.

The Company's total liability under this provision shall be limited to the Sublimit of Liability for Expediting Expenses specified in the Declarations, as more fully explained in the Limits and Sublimits of Liability Condition of this policy.

4. Fire and Police Department Service Charge

This policy is extended to cover reasonable expenses charged by fire or police departments as a result of a loss as insured hereunder.

5. Hazardous Substances or Contaminants

If, as a result of an Occurrence insured hereunder, any property on the Premises Described in the Declarations is damaged, contaminated or polluted by Hazardous Substances or Contaminants, the Company shall be liable under this policy and any of its endorsements, for the additional expenses incurred for cleanup, repair or replacement, or disposal of that damaged, contaminated or polluted property. As used here, additional expenses shall mean expenses incurred beyond those for which the Company would have been liable if no Hazardous Substances or Contaminants had been involved in the Occurrence.

The Company's total liability under this provision shall be limited to the greater of \$25,000 or, where specified, the Sublimit of Liability for Hazardous Substances or Contaminants shown in the Declarations, as more fully explained in the Limits and Sublimits of Liability Condition of this policy.

6. Miscellaneous Unnamed Locations

This policy is extended to cover Property Insured while at fixed locations not included in the Premises Described in the Declarations. This coverage applies to physical loss or damage only, does not include any Time Element coverages, and excludes Flood and Earth Movement.

The Insured shall, as of the inception date of this policy, and within ninety (90) days of each anniversary thereafter, send to the Company a statement of the insurable values of such locations as of the most recent inception or anniversary date. These statements shall be the basis for premium to be charged for this coverage. Failure to provide such statement in the time required shall void this extension.

Coverage under this extension shall not apply to signs, tracks, trestles, bridges, tunnels, electrical transmission and distribution lines, line transformers, towers and poles, cables, pipes and pipelines, equipment or apparatus connected to any of the preceding, property contained within any vehicle or other conveyance, or property in the due course of transit.

Liability under this provision shall not exceed the greater of \$100,000 or, where specified, the Sublimit of Liability for Miscellaneous Unnamed Locations shown in the Declarations, as more fully explained in the Limits and Sublimits of Liability Condition of this policy.

7. Pairs and Sets

In the event of direct physical loss or damage to any article or articles which are part of a pair or set, this policy is extended to cover the fair and reasonable proportion of the pair or set. Due consideration shall be given to the importance of said article or articles, but in no event shall such loss or damage be construed automatically to mean the total loss of the pair or set, and due consideration shall be given to any remaining value.

8. Transit

This policy is extended to cover direct physical loss or damage not otherwise excluded to Property Insured while in transit within the territorial limits of this policy. This shall include Property Insured while in transit in the coastal waters of the United States or Puerto Rico to a distance of twelve (12) miles, Property Insured while in transit between the continental United States or Alaska and Canada, or Property Insured while in transit between the continental United States and Alaska. This includes any means of conveyance, from the commencement of loading and continuously thereafter, including the location of any repair, temporary storage, consignment or exhibition, including deviation and delay, until unloaded at the place of final destination. This policy shall also pay for direct physical loss or damage to property sold and shipped by the Insured, in which the Insured retains an interest, under terms terminating the shipper's responsibility short of points of delivery, and shall pay for direct physical loss or damage caused by any unauthorized person(s) representing themselves to be the proper party(ies) to receive goods for shipment or to accept goods for delivery, or resulting from the acceptance by the Insured or by its agents of fraudulent bills of lading, shipping and delivery orders, or similar fraudulent documents.

The Insured may accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this provision shall not inure to the benefit of any carrier, bailee, warehouseman, or processor.

The Insured's rights shall not be prejudiced by any agreements exempting lightermen from liability.

This policy excludes property of others, and the Insured's legal liability therefor, being

hauled on vehicles owned, leased or operated by the Insured when acting as a common or contract carrier as defined by either the Interstate Commerce Commission or other regulatory agencies. In addition, this provision shall not include coverage for any conveyance used as the mode of transportation for property in transit.

This policy excludes property on waterborne shipments to and from any point and Hawaii, Alaska and Puerto Rico, except within their 12 miles of coastal waters; but shall not exclude waterborne shipments between the continental United States and Alaska while within the coastal waters of the United States or Canada to a distance of twelve (12) miles.

The Company's total liability under this provision shall be limited to the Sublimit of Liability for Transit specified in the Declarations, as more fully explained in the Limits and Sublimits of Liability Condition of this policy.

II. EXCLUSIONS

A. Property Excluded

This policy does not insure against loss or damage to the following property:

1. Accounts, bills, currency, deeds, evidences of debt or title, money, notes, securities, fine arts, jewelry, furs, precious metals, or precious stones.
2. Land, land improvements, water, crops, animals, shrubs, plants, trees or standing timber. This exclusion shall apply to the cost of reclaiming, restoring, or repairing any of the foregoing. "Land Improvements," as used herein, shall mean any alteration in the natural condition of land including, without limitation, grading, and earthen dikes or similar works. "Land Improvements," as used herein, shall also mean open pit or surface mines, including all benches, berms, cuts, walls, roads, and other land structures constituting a part of such mine, including all unmined ore. However, "Land Improvements" shall not mean pavements or sidewalks.
3. Aircraft, watercraft or spacecraft; vehicles, if such vehicles are otherwise insured for physical loss or damage.
4. Underground mines, tunnels, wells or caverns, and any property contained therein.
5. Dams, watershafts, power tunnels, dikes, gates and flumes.
6. Retaining walls not constituting part of a building, docks, piers, or wharves, and property located thereon, all when such loss is caused by ice, water pressure, or collision.
7. Offshore property, except that structures and their contents extending from land or shore, and floating docks permanently moored to a dock, river bank or shore are not to be

considered as offshore.

8. Nuclear reactor power plants, including all auxiliary property on the site or any other nuclear reactor installation.
9. Any nuclear fuel or raw materials used in the nuclear fuel process at any point in the fuel cycle.
10. Property sold by the Insured under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers.
11. Raw, in-process, or finished stock or materials when the loss is caused by errors, omissions, or defects in the design or manufacturing process or by defective materials which result in damage to said stock or materials while it is being manufactured, processed, tested, or worked upon.
12. Machinery, equipment or other property when such property is otherwise protected by the contractor's, manufacturer's or supplier's guaranty, obligation or warranty, whether or not such contractor, manufacturer or supplier is included in the name of the Insured or as an additional Named Insured, but only to the extent of such guaranty, obligation or warranty. However, if Time Element coverage is provided under this policy, such Time Element coverage shall apply as if this exclusion were not present.

B. Conditions of Property Exclusions

This policy does not insure against:

1. Any defect or fault in material, workmanship, or design or in planning, zoning, surveying, siting, or developing property. However, if such a defect or fault results in direct physical loss or damage otherwise insured by this policy, then this policy shall cover only such resulting loss or damage. The Company shall not be liable for the costs of rectifying or making good such defect or fault.
2. Wear and tear, deterioration, rust, corrosion or erosion, all unless loss by a peril otherwise insured against hereunder ensues, and then the Company shall be liable only for such ensuing loss.
3. Gradual cracking, settling, shrinkage, bulging, expansion or other gradually developing defects, all unless loss by a peril otherwise insured against hereunder ensues, and then the Company shall be liable only for such ensuing loss.
4. The cracking of any part of a gas turbine exposed to the products of combustion, all unless loss by a peril otherwise insured against hereunder ensues, and then the Company shall be liable only for such ensuing loss.

5. Contamination, shrinkage, evaporation, loss of weight, or loss of contents of containers by leakage, all unless loss by a peril otherwise insured against hereunder ensues, and then the Company shall be liable only for such ensuing loss.
6. Insect or vermin damage, unless loss by a peril otherwise insured against hereunder ensues, and then the Company shall be liable only for such ensuing loss.
7. Electrical breakdown of any electrical machine or electrical apparatus while said equipment is undergoing an insulation breakdown test, all unless loss by a peril otherwise insured against hereunder ensues, and then the Company shall be liable only for such ensuing loss.

C. Perils Excluded

This policy does not insure loss or damage caused by or resulting from any of the following, regardless of any other cause or event that contributes concurrently or in any other sequence to the loss or damage:

1. a. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack,
 - i. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or
 - ii. by military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion shall be conclusively presumed to be such a hostile or warlike action by such a government, power; authority or forces;
- b. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority.
2. Nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by, any physical loss or damage insured against by this policy. However, subject to the foregoing and all provisions of this policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy.
3. Infidelity or dishonesty of the Insured, or any officer, director, proprietor or partner thereof, acting alone or in collusion with others, or the infidelity or dishonesty of any officer, director, proprietor or partner of any proprietorship, partnership, corporation or association engaged by the Insured to perform any service or perform any act in connection with any Property Insured

by this policy.

4. Any shortage of property discovered upon the taking of inventory, or any unexplained or mysterious disappearance of property.
5. Accumulated effects of smog, smoke, vapor, or gas from agricultural or industrial operations.
6. Any increase in loss due to:
 - a. the enforcement of any law, ordinance, regulation, rule or ruling requiring, restricting, or affecting the repair, alteration, use, occupancy, operation, construction or installation of any property, or requiring the tearing down of any property, including the cost of removing its debris, except as provided under the Demolition and Increased Cost of Construction provision of the Additional Coverages section;
 - b. the suspension, lapse, termination or cancellation of any license, contract, lease or permit; or
 - c. any injunction or process of any court.
7. Lack of incoming electricity, fuel, water, gas, steam or refrigerant caused by an Occurrence not at the Premises Described in the Declarations; but, if such a lack of service causes direct physical loss or damage not otherwise excluded to property otherwise insured by this policy while located on the Premises Described in the Declarations, then this policy shall cover such resulting loss or damage.
8. The cost of removing any product subject to a Product Recall, whether the removal is voluntarily undertaken by the Insured or mandated by any executive, legislative, administrative or judicial order, and any Time Element losses resulting from such removal.
9. Any act, error, decision, or omission, or the failure to act or decide, whether committed by the Insured or by others in (a) planning, zoning, surveying, siting, or developing property, (b) establishing or enforcing building codes or standards for construction or materials, (c) designing, specifying, furnishing work, materials, parts, or equipment, or constructing, remodeling, grading, compacting, or maintaining: (i) buildings or structures, (ii) improvements, changes in or additions to land or other real or personal property, or (iii) roads, water, sewers, drainage systems, levees, dikes, or other facilities of any kind, all whether such property or facilities are covered by this policy or are away from premises covered by this policy; but this exclusion shall apply only if a cause of loss otherwise excluded by this policy contributes to direct physical loss or damage or is the cause of direct physical loss or damage.
10. a. The failure, malfunction or inadequacy of any of the following, whether belonging to any Insured or to others: computer hardware, including microprocessors; computer application software; computer operating systems and related software; computer networks; microprocessors not part of any computer system; or any other computerized or electronic equipment or components; or any other products, and any services, data or functions that directly or indirectly use or rely on, in any manner, any of the foregoing due

to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates, times, or instructions, including, but not limited to, the inability of computer software to recognize, process, distinguish, interpret, or accept the year 2000 or any other year, including a leap year; or

- b. any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by or for the Insured to determine, rectify or test for any potential or actual problems described in paragraph a. above.
- c. In addition, the Company shall not be liable for the repair, replacement or modification of any items listed in paragraph a. above to correct any deficiencies or change any features.

However, if direct physical loss or damage not otherwise excluded ensues, then this Company shall be liable only for such ensuing loss or damage.

- 11. The release, discharge, or dispersal of toxic or hazardous substances, contaminants or pollutants, all whether direct or indirect, proximate or remote, or in whole or in part caused by, contributed to or aggravated by any physical damage insured against by this policy, except as specifically provided for under the Additional Coverages, Hazardous Substances or Contaminants extension.

D. Other Exclusions

- 1. This policy does not insure loss or damage caused by or resulting from any of the following, regardless of any other cause or event that contributes concurrently or in any other sequence to the loss or damage:
 - a. Indirect or remote loss or damage.
 - b. Delay or loss of market; penalties for noncompletion of, or delay in completion of, any contract or noncompliance with any contract conditions; fines, penalties or punitive damages; or any costs incurred to eliminate or reduce any of the foregoing.
 - c. Interruption of business or other Time Element losses, unless specifically endorsed hereon.
 - d. Increase in hazard by any means within the control or knowledge of any officer, director, proprietor or partner of the Insured.

2. This policy does not insure against:
 - a. Extremes or changes of temperature or changes in relative humidity, all whether atmospheric or not; exposure to light; change in color or flavor or texture or finish; condensation, dampness, depletion, disease, wet or dry rot, inherent vice, latent defect, mildew, mold, spoilage, or decay; unless such damage results directly from other direct physical damage not otherwise excluded by this policy.

III. PREMIUM

The Premium shown in the Declarations shall be for the first twelve (12) month period commencing with the effective date of this agreement. This amount shall be subject to adjustment for the coverage of newly constructed properties or properties otherwise acquired or sold during that period, at terms to be agreed upon at the time of such acquisition, sale, or commencement of construction.

Premium for subsequent twelve (12) month periods may be adjusted at each anniversary computed at the rates in effect for such period.

IV. CONDITIONS

A. Abandonment

There shall be no abandonment to the Company of any property.

B. Action Against Company

No action shall lie against the Company unless, as a condition precedent thereto, the Insured shall have fully complied with all the terms of this policy, and unless commenced within twelve (12) months from the date of the Occurrence.

C. Appraisal

If the Insured and this Company fail to agree on the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty (20) days of such demand. The appraisers shall first select a competent and disinterested umpire, and, if failing for fifteen (15) days to agree upon such umpire, then, on the request of the Insured or this Company, such umpire shall be selected by a judge of a state or federal court of record in the state in which the damaged property is located. The appraisers shall then appraise the loss, stating separately the loss to each item; and, failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with this Company shall determine the amount of loss and shall be binding and final. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.

D. Assignment

Assignment or transfer of this policy shall not be valid except with the prior written consent of the Company.

E. Assistance and Cooperation of the Insured

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

F. Brands and Labels

In case of damage to property that is covered by this policy and bears a brand, trademark, or label that in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal of such brands, trademarks or identifying characteristics. The cost of such removal shall be borne by the Insured.

G. Cancellation

The Company may cancel this insurance by giving the Insured written notice stating when, not less than thirty (30) days thereafter, (ten [10] days for nonpayment of premium) such cancellation shall be effective. This insurance may be canceled at any time by the Insured by surrender of this policy to the Company or by mailing or delivery to the Company written notice stating when thereafter such cancellation shall take effect.

Return premium shall be allowed the Insured on a pro rata basis if the Company cancels and on a short rate basis if the Insured cancels.

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

H. Company's Options

It shall be optional for this Company to take all, or any part, of the property at the agreed or appraised value, and also to repair, rebuild or replace the property destroyed or damaged with other of like kind, size, capacity and quality within a reasonable time, on giving notice of its intention to do so within thirty (30) days after the receipt of proof of loss herein required.

I. Deductibles

There shall be deducted from the amount of each claim for loss or damage arising out of one Occurrence, as defined herein, the amount stated in this policy as Deductible. Except as set forth below or as specifically endorsed hereon, in the event that more than one Deductible amount applies to any one Occurrence, then only the largest Deductible amount for that Occurrence shall be applied.

If this policy insures against both Property Damage and Time Element losses, the deductible amount(s) as shown in this policy shall apply separately to each such coverage, unless otherwise noted herein or endorsed hereon, even if both are involved in a single Occurrence.

If Time Element coverage(s) is endorsed to this policy, the terms of the deductibles applying to such coverage(s) shall be as set forth in such endorsement(s).

J. Due Diligence

The Insured shall, at the Insured's own expense, take all reasonable precautions to prevent imminent loss or damage to the Property Insured. The Insured shall also consider all reasonable recommendations of the Company to prevent direct physical loss or damage to the Property Insured.

K. Errors in Description

Any error in the description of the Premises Described as shown in the Declarations of this policy shall not operate to the prejudice of the Insured.

L. Inspection

The Company shall be permitted, but not obligated, to inspect, at all reasonable times, the property of the Insured. Neither the Company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of, or for the benefit of, the named Insured or others, to determine or warrant that such property is safe or healthful, nor that such property complies with laws, regulations, codes, or engineering or industry standards.

M. Limits and Sublimits of Liability

The Company shall not be liable for more than the amount shown in the Declarations as the Policy Limit of Liability for any one Occurrence. The inclusion of more than one Insured shall not operate to increase the limits of the Company's liability.

This policy may contain Sublimits of Liability applicable to specific coverages, specific causes of loss, specific kinds of loss, or specific locations. Any applicable sublimits are set forth in the Declarations. The Company shall not be liable for more than the amount of the Sublimit of Liability for any coverage for which there is a Sublimit of Liability specified in the Declarations. Each Sublimit of Liability shown in the Declarations is a part of, but is not in addition to, the Policy Limit of Liability. The Sublimit of Liability specified in the Declarations as applicable to a specific cause of loss shall apply to all losses arising out of any one Occurrence, whether such losses include damage to real or personal property, Time Element loss (if such coverage is separately endorsed hereon), or both.

EXAMPLES:

(1) Assume the policy contains a Time Element sublimit of \$20,000,000 and a Flood sublimit of \$5,000,000. A flood occurs, and the Insured sustains a property damage loss of \$10,000,000 and a Business Interruption (Time Element) loss of \$10,000,000. The Insured can recover only \$5,000,000 (total for both the property damage and for the Time Element losses) because the applicable Sublimit of Liability for Flood is \$5,000,000.

(2) Assume the policy contains a Time Element sublimit of \$5,000,000 and a Flood sublimit of \$15,000,000. A flood occurs, and the Insured sustains an \$8,000,000 property damage loss and a Business Interruption (Time Element) loss of \$10,000,000. The Insured can recover only \$13,000,000 (\$8,000,000 for property damage and \$5,000,000 for Time Element) because the Time Element sublimit is \$5,000,000.

The insurance provided by this policy as respects the perils of Earth Movement and Flood shall be subject to the annual aggregate sublimits as shown in the Declarations. The Company shall not be liable for more than the amount specified in the Declarations as annual aggregate for any one policy year as respects losses caused by the perils of Earth Movement and Flood. However, fire or explosion which occur as a direct result of a Flood or Earth Movement shall not: (1) be limited to the Flood or Earth Movement Sublimit, nor; (2) contribute to the annual aggregate for Flood or Earth Movement.

N. Loss Payable

Loss, if any, shall be adjusted with the Named Insured and shall be payable to the Insured and to any Mortgagee, Loss Payee, or other Named Insured, or as otherwise directed by the Insured.

O. Misrepresentation

This entire policy shall be void if any Insured, whether before or after a loss, has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or has committed any act of fraud, attempted fraud or false swearing touching any matter relating to this insurance or the subject thereof.

P. Other Insurance

The Company shall not be liable for loss under this policy if, at the time of loss, there is any other insurance which would attach if this insurance had not been effected, whether collectible or not. This insurance shall apply only as excess, and in no event as contributory insurance, and then only after all other insurance has been exhausted.

Q. Report of Values

Within ninety (90) days of each anniversary, the Insured shall file with this Company a statement of the 100% replacement cost values compiled as of the Insured's most recently ended fiscal year.

In the event the Insured fails to furnish the above values which are acceptable to this Company, then this Company shall not be liable under this policy for a greater proportion of any loss to Property Insured than the amount shown on the Reported Values Endorsement bears to the 100% replacement cost at the time of the loss.

R. Requirements in Case of Loss

When any insured loss or damage occurs, written notice shall be given by or on behalf of the Insured to the Company or any of its authorized agents as soon as practicable. The Insured shall protect the property from further damage and separate the damaged and undamaged personal property. The Company shall have reasonable time and opportunity to examine the property and the premises of the Insured before repairs are undertaken or physical evidence of the loss or damage is removed, except for protection or salvage.

The Insured shall submit a proof of loss statement, signed and sworn to by the Insured, as soon as practicable after a loss, but in no event later than ninety (90) days thereafter. It shall be in such a form as the Company may require, stating the knowledge and belief of the Insured as to the time and origin of the loss, the interest of the Insured and all others in the property, the value of the property involved, and the amount of loss or damage. It shall also show all encumbrances thereon; all other contracts of insurance, whether valid or not, covering any of said property; and any changes in the title, use, occupancy, location, possession, or exposures of said property since the issuance of the policy, and, if required and obtainable, shall furnish verified plans of the buildings, fixtures, and machinery destroyed or damaged.

The Insured, as often as may be reasonably required, shall produce for examination all books of account, bills, business records, invoices and other vouchers, or any other documents reasonably related to the procurement of this policy or to the scope and extent of the loss at such reasonable time and place as may be designated by this Company, and shall permit extracts and copies thereof to be made.

The Insured, and any officer, director, or employee thereof, shall, as often as may be reasonably requested by this Company, submit to examination under oath by any person named by this Company, while not in the presence of any other Insured, about any matter relating to this insurance or to any claim, and the Insured shall sign and return the original transcript of the examination within thirty (30) days after submission to the Insured.

S. Salvage and Recovery

When, in connection with any loss hereunder, any salvage or recovery is received subsequent to the payment of such loss, the loss shall be recalculated on the basis on which it would have been determined had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other shall be paid promptly.

T. Special State Requirements

Any and all provisions of this policy which are in conflict with the statutes of the State wherein this Policy is applicable are understood, declared, and acknowledged by this Company to be amended to conform to such statutes.

U. Subrogation

In the event of any payment under this policy, the Company shall be subrogated to the Insured's rights of recovery therefor against any person or organization, and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after the Occurrence to prejudice such rights. However, permission is granted the Insured to waive subrogation provided such waiver is entered into by the Insured in writing, prior to the loss insured hereunder. Any recovery as a result of subrogation proceedings shall, after deduction of all expenses of such action, including attorneys' fees, be prorated between the Insured and the Company in the proportion that the amount of the loss paid by each bears to the total provable loss.

V. Suspension

Upon the discovery of a dangerous condition with respect to any Object insured by this policy, any representative of the Company may immediately suspend the insurance applicable to said Object by written notice mailed or delivered to the Insured at the address of the Insured as specified in the Declarations, or at the location of the Object. The insurance so suspended may be reinstated by the Company, but only by an endorsement issued to form a part of this policy. The Insured shall be allowed the unearned portion of the premium paid for such suspended insurance, pro rata, for the period of suspension.

As used in this policy, Object shall mean any boiler, fired or unfired pressure vessel, refrigerating or air conditioning system, piping and its accessory equipment and any mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power.

W. Term of Insurance

“Term of Insurance”, as shown in the Declarations of this policy, shall mean that period of time from 12:01 A.M. to 12:01 A.M., Standard Time, as to each of said dates shown, at the place where the loss occurs.

X. Vacant/Unoccupied Premises

Permission is given to cease operations, or for the premises to be vacant or unoccupied for sixty (60) consecutive days and for more than sixty (60) consecutive days provided:

1. the same degree of fire protection and watch service is maintained as existed at the time of the discontinuance of normal operations; and,
2. that written notice is given to the Company prior to the sixtieth (60th) consecutive day.

In the event the Insured fails to comply with the foregoing, all coverage otherwise provided under this policy is null and void at such locations.

Y. Valuation

Unless otherwise endorsed hereon, adjustment of loss under this policy shall be:

1. on raw materials, supplies and other merchandise not manufactured by the Insured, the replacement cost; and
2. on stock in process, the value of raw materials and labor expended plus the related proportion of overhead charges; and
3. on finished goods manufactured by the Insured, the regular cash selling price at the location where the loss occurs, less all discounts and charges to which the finished goods would have been subject had no loss occurred; and
4. on Valuable Papers and Records, the value blank plus the cost of transcription from duplicates or from originals, but this policy does not insure against the cost of reconstructing such records, unless endorsed hereon; and
5. on media, data, programs or other software stored on, or for use with, any computer or other electronic and electromechanical data processing and production equipment, the

cost of reproducing such media, data, programs or other software from duplicates or backups or from originals of the previous generation of the data, programs or software, but this policy does not insure against any other cost, including research, engineering, or programming, of restoring or recreating data or programs lost, unless endorsed hereon; and

6. on catalysts or refractory material, the actual cash value of the material which equals the replacement cost at the time of loss or damage times the Remaining Useful Life Factor. The term Remaining Useful Life Factor means the normal useful life of the material in months minus the number of months the material had been in use at the time of the loss or damage, divided by the normal useful life of the material in months; and
7. on all other property covered by this policy, the cost to repair or replace the damaged property with materials of like kind, size, capacity and quality subject to:
 - a. liability under these terms shall not exceed the smallest of the following:
 - i. the cost to repair, rebuild or replace on the same site with material of like kind, size, capacity and quality, whichever is smallest; or
 - ii. the actual expenditure incurred in repairing, rebuilding or replacing on the same or another site but not to exceed size and operating capacity that existed at the time of loss, whichever is smallest.
 - b. in the event of direct physical loss or damage to property which is not repaired, rebuilt or replaced within two (2) years from the date of direct physical loss or damage, this Company shall not be liable for more than the actual cash value (with proper deduction for depreciation) of the property destroyed.

All of the above to be computed as of the time and at the place of loss when, with due diligence and dispatch, rebuilding, repairing or replacement of the damaged or destroyed property could be effected.

V. DEFINITIONS

A. Earth Movement

The term Earth Movement shall mean any natural or man-made earth movement, including, but not limited to, earthquakes, shocks, tremors, landslides, avalanches, subsidence, sinkhole collapse, mud flow, rock fall, volcano, or any other similar earth movement.

B. Flood

The term Flood means flood waters, waves, tide or tidal water, storm surge, tsunami, the release of water, the accumulation of rain or surface water, or the rising (including the overflowing or breaking of boundaries) of lakes, ponds, reservoirs, rivers, harbors, streams or other natural or man-made bodies of water, whether or not driven by wind.

C. Hazardous Substances or Contaminants

The term Hazardous Substances or Contaminants means any solid, liquid, gaseous, or thermal irritant, contaminant, or pollutant, which includes, but is not limited to, smoke, soot, vapor, fumes, acids, alkalis, chemicals, bacteria, fungi, mold, viruses, spores, vaccines, and waste. Waste includes materials to be reconditioned, recycled, or reclaimed.

D. Insured

The term Insured means any Named Insured and any Additional Insured. The term Named Insured means the entity or entities specified in the Declarations as the Named Insured(s). The term Additional Insured means the entity or entities specified in the Declarations, or in any Endorsements to this policy, as an Additional Insured.

E. Occurrence

The term Occurrence shall mean any loss or series of losses arising out of one event, regardless of the number of locations affected. However, as respects the perils of Earth Movement and Flood, the term Occurrence shall mean the sum total of all the losses sustained by the Insured as the result of damage from Earth Movement or Flood which arise during a continuous period of seventy-two (72) hours. The Insured may elect the moment from which each of the aforesaid periods of seventy-two (72) hours shall commence; but no two such seventy-two (72) hour periods shall overlap.

Occurrence shall not mean "continuous or repeated exposure to conditions" unless physical loss or damage insured against by this policy ensues, and then this policy shall only cover such ensuing loss or damage; nor shall Occurrence mean "loss of use of tangible property that has not been physically injured or destroyed."

F. Premises Described

The term Premises Described means any location described in the Declarations of this policy or included as a Miscellaneous Unnamed Location or as a Newly Acquired Location, if applicable.

G. Product Recall

The term Product Recall means withdrawal of any product of any kind or nature from the market or from use because of known or suspected defect or deficiency therein.

H. Time Element

The term Time Element means any and all loss due to the interruption of the Insured's normal business operations, including, but not limited to, business interruption, extra expense, loss of rental income, and other similar economic losses, but this definition shall not otherwise expand or modify the coverage, if any, provided by this Policy or its Endorsements.

I. Valuable Papers and Records

The term Valuable Papers and Records shall mean abstracts, drawings, exposed film, manuscripts, maps, and records. The term Valuable Papers and Records shall not include media, data, programs or other software stored on, or used with, any computer or other electronic or electromechanical data processing and production equipment.

Accounts Receivable

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 1

Effective Date: 10/01/2014

This policy is extended to cover any shortage in collection of accounts receivable, resulting from direct physical loss or damage insured against by this policy to the Insured's books of account or other records, subject to the following conditions:

- A. In the event of loss hereunder, the Insured shall use all reasonable diligence and dispatch, including legal action, if necessary, to effect collection of outstanding accounts receivable, the records for which have been destroyed, and the extra cost, if any, incurred thereby shall constitute a claim to the extent that it reduces the loss hereunder. This Company shall also be liable for interest charges on any loan to offset impaired collections pending repayment of such sum uncollectible as the result of such damage or destruction.
- B. Unearned interest and service charges on deferred payment accounts and normal credit losses on bad debts shall be deducted in determining the recovery hereunder.
- C. The settlement of any loss hereunder shall be made within ninety (90) days from the date of such damage or destruction, and all amounts recovered by the Insured on accounts receivable outstanding at the time of such damage or destruction shall belong, and be paid to, this Company by the Insured up to a total not exceeding the amount of loss paid hereunder, but all recoveries in excess of that amount shall belong to the Insured.
- D. In the event it is possible to reconstruct the Insured's accounts receivable records after they have been damaged or destroyed so that no shortage in collection of accounts receivable is sustained, this Company shall be liable only for the cost of material and time required, with the exercise of due diligence and dispatch, to re-establish or reconstruct such accounts receivable records, but only so far as not covered by any other form of insurance.
- E. This endorsement does not apply to loss due to bookkeeping, accounting or billing errors or omissions, or errors or omissions in machine programming or instructions to machines, or computer error or malfunction of any kind or nature.

Accounts Receivable

- F.** This endorsement does not apply to loss due to alteration, falsification, manipulation, concealment, destruction or disposal of accounts receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property, but only to the extent of such wrongful giving, taking, obtaining or withholding.
- G.** The Insured agrees to use any suitable property or service owned or controlled by the Insured or obtainable from other sources in reducing the loss under this endorsement.

The Company's total liability under this provision shall be limited to the amount of the Sublimit of Liability for Accounts Receivable specified in the Declarations, as more fully explained in the Limits and Sublimits of Liability Condition of this policy.

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

ACE American Insurance Company

Asbestos Exclusion

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 2

Effective Date: 10/01/2014

This Policy does not insure against:

- (1) asbestos material removal, unless the asbestos itself is damaged by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, leakage or accidental discharge from automatic fire protective systems;
- (2) demolition or increased cost of reconstruction, repair, debris removal or loss of use of necessitated by the enforcement of any law or ordinance regulating asbestos material; or
- (3) any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

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

ACE American Insurance Company

Biological or Nuclear Exclusion

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 3

Effective Date: 10/01/2014

This policy does not insure against any loss, damage, cost or expense caused by or resulting from any of the following, regardless of any other cause or event contributing concurrently or in any sequence thereto:

1. The unlawful possession, use, release, discharge, dispersal or disposal of any bacteriological, viral, radioactive or similar agents or matter regardless of who is responsible for the act and whether war has been declared or not, and regardless of any other cause or event contributing concurrently or in any other sequence thereto.
2. The unlawful possession, use, release, discharge, detonation, dispersal or disposal of any device or material capable of producing a nuclear reaction or the spread of radioactivity, regardless of who is responsible for the act and whether war has been declared or not, and regardless of any other cause or event contributing concurrently or in any other sequence thereto.

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

ACE American Insurance Company

Data Distortion/Corruption

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 4

Effective Date: 10/01/2014

It is noted and agreed this policy is hereby amended as follows:

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

- (A) Any functioning or malfunctioning of the Internet or similar facility, or of any intranet or private network or similar facility,
- (B) Any corruption, destruction, distortion, erasure or other loss or damage to data, software or any kind of programming or instruction set,
- (C) Loss of use or functionality whether partial or entire of data, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing inability or failure of the Insured to conduct business.

This endorsement shall not exclude subsequent Damage or Consequential loss, not otherwise excluded, which itself results from a Defined Peril not otherwise excluded. Defined Peril shall mean: Fire, Lightning, Earthquake, Explosion, Falling Aircraft, Flood, Smoke, Vehicle Impact, Windstorm or Tempest, Accidental Breakdown of an Object including Mechanical and Electrical Breakdown.

This Endorsement shall not act to increase or broaden coverage afforded by this policy.

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

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

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

ACE American Insurance Company

California Earth Movement Exclusion

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 5

Effective Date: 10/01/2014

It is hereby understood and agreed the Peril of Earth Movement in the state of California is excluded from coverage.

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

ACE American Insurance Company

Electronic Data Processing Media with Extra Expense

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 6

Effective Date: 10/01/2014

A. INSURING AGREEMENT

The policy to which this endorsement is attached is extended to cover the Extra Expense incurred by the Insured during a Period of Restoration. This Extra Expense must be caused by direct physical loss or damage insured against by this policy. In addition, the loss or damage must be to media, data, programs or other software stored on, or for use with, any computer or other electronic or electromechanical data processing equipment or production equipment, or associated air conditioning or electrical equipment systems utilized by the Insured, all located at Premises Described in the Declarations.

Item No. 5 of the Valuation Clause of the Conditions Section of the policy is hereby deleted and replaced by the following:

on media, data, programs or other software stored on, or for use with, any computer or other electronic and electromechanical data processing and production equipment, the cost of reproducing such media, data, programs or other software.

B. DEFINITIONS

The following terms, wherever used in this endorsement, shall be defined as follows:

1. Extra Expense

The term Extra Expense shall mean:

- a. the reasonable and necessary extra expenses incurred to temporarily continue as nearly Normal as practicable the conduct of the Insured's business; or
- b. the reasonable and necessary extra costs of temporarily using property or facilities of the Insured or others.

At the end of the Period of Restoration specified elsewhere in this endorsement, any value remaining in property obtained in connection with a. or b. above shall be taken into consideration in the determination of the actual loss sustained.

Electronic Data Processing Media with Extra Expense

In no event shall these expenses include loss of income or normal costs which would have been incurred in conducting the business during the same period had no damage insured against occurred, or the cost of permanent repair or replacement of property that has been damaged or destroyed.

2. Normal

The term Normal shall mean the condition that would have existed had no damage of the type insured against occurred. In determining the indemnity payable under this endorsement, due consideration shall be given to the experience of the business before the loss and probable experience thereafter had no loss occurred.

3. Period of Restoration

The term Period of Restoration shall mean the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace such described property as has been lost or damaged with materials of like kind, size, capacity, and quality. It shall also include such additional time required to make such property ready for operations under the same or equivalent physical operating conditions that existed prior to the direct physical loss or damage, unless otherwise provided in this endorsement. The Period of Restoration shall not include any additional time required for making changes to buildings, equipment or contents regardless of the reason(s) for the changes, except as provided for in the Demolition and Increased Cost of Construction provision of the Additional Coverages section, nor does it include any additional time required for restaffing or retraining employees or for delay of any kind caused by labor disputes, including strikes.

The liability of the Company under this endorsement shall not be limited by the expiration of this policy.

C. EXCLUSIONS

This endorsement does not cover:

1. Any period during which business would not, or could not, have been conducted had direct physical damage to the Premises Described in the Declarations, as insured hereunder, not occurred.
2. Any Extra Expense incurred as a result of damage to finished products manufactured by the Insured, nor the time required for their reproduction.

Electronic Data Processing Media with Extra Expense

3. Any Extra Expense incurred due to the suspension, cancellation or lapse of any lease, contract, license or order nor any loss due to fines or damage for breach of contract or for late or non-completion of orders or penalties of whatever nature, nor shall the Company be liable for any Extra Expense incurred due to any other consequential or remote loss.
4. Any Extra Expense resulting from loss or damage to property in transit or property in the course of construction.
5. Any loss or damage caused by or resulting from errors or omissions in machine programming or instructions to machines, or computer error or malfunction of any kind or nature.

D. USE OF OTHER PROPERTY

The Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from other sources in reducing the Extra Expense incurred under this endorsement.

E. LIABILITY

- The Company's total liability under this provision shall be limited to the amount of the Sublimit of Liability for Extra Expense specified in the Declarations, as more fully described in the Limits and Sublimits of Liability Condition of this policy.

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

ACE American Insurance Company

Extra Expense

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 7

Effective Date: 10/01/2014

A. INSURING AGREEMENT

The policy to which this Time Element endorsement is attached is extended to cover the Extra Expense incurred by the Insured during a Period of Restoration. This Extra Expense must be caused by direct physical loss or damage insured against by this policy. In addition, the loss or damage must be to property not otherwise excluded by this policy, utilized by the Insured, and located at the Premises Described in the Declarations.

B. DEFINITIONS

The following terms, wherever used in the endorsement, shall be defined as follows:

1. Extra Expense

The term Extra Expense shall mean:

- a. the reasonable and necessary extra expenses incurred to temporarily continue as nearly normal as practicable the conduct of the Insured's business; and
- b. the reasonable and necessary extra costs of temporarily using property or facilities of the Insured or others.

At the end of the Period of Restoration specified elsewhere in this endorsement, any value remaining in property obtained in connection with a. or b. above shall be taken into consideration in the determination of the actual loss sustained.

In no event shall these expenses include loss of income, normal costs which would have been incurred in conducting the business during the Period of Restoration had no damage insured against occurred, or the cost of permanent repair or replacement of property that has been damaged or destroyed.

Extra Expense

2. Normal

The term Normal shall mean the condition that would have existed had no damage of the type insured against occurred. In determining the indemnity payable under this endorsement, due consideration shall be given to the experience of the business before the loss and the probable experience thereafter had no loss occurred.

3. Period of Restoration

The term Period of Restoration shall mean the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace such described property as has been lost or damaged with materials of like kind, size, capacity, and quality. It also includes such additional time required to make such property ready for operations under the same or equivalent physical operating conditions that existed prior to the direct physical loss or damage, unless otherwise provided in this endorsement. The Period of Restoration shall not include any additional time required for making changes to buildings, equipment or contents, regardless of the reason(s) for the changes, except as provided for in the Demolition and Increased Cost of Construction provision of the Additional Coverages section; nor does it include any additional time required for restaffing or retraining employees or for delay of any kind caused by labor disputes, including strikes.

The liability of the Company under this endorsement shall not be limited by the expiration of this policy.

C. EXCLUSIONS

This endorsement does not cover:

1. Any period during which business would not, or could not, have been conducted had direct physical damage to the Premises Described in the Declarations, as insured hereunder, not occurred.
2. Any Extra Expense incurred as a result of damage to finished products manufactured by the Insured, nor the time required for their reproduction.
3. Any Extra Expense incurred due to the suspension, cancellation or lapse of any lease, contract, license or order, nor any loss due to fines or damage for breach of contract or for late or non-completion of orders or penalties of whatever nature; nor shall the Company be liable for any Extra Expense incurred due to any other consequential or remote loss.

Extra Expense

4. Any Extra Expense resulting from loss or damage to property in transit or property in the course of construction.
5. Any loss or damage caused by or resulting from errors or omissions in machine programming or instructions to machines; or computer error or malfunction of any kind or nature.

D. DEDUCTIBLES

In addition to the Deductible Condition of this policy, the following may also apply:

If a number of hours/days apply as a Time Element deductible, then this Company shall not be liable for any losses under this Time Element endorsement occurring during the specified number of hours/days immediately following the Occurrence.

If a multiple of the Average Daily Value deductible is indicated for Time Element coverage, then the deductible amount shall be calculated as follows. With respect to any loss or expense for which the Company would be liable under the Time Element coverage(s), there shall first be deducted the amount obtained by multiplying the Average Daily Value for the affected location(s) at the time of such loss by the factor shown in the Declarations of the policy.

1. If Time Element coverage is also provided under the Business Interruption Gross Earnings endorsement, the following shall apply.

The Average Daily Value will be determined by dividing the actual Gross Earnings less costs that would have been earned had no loss occurred by the actual number of working days, had no loss occurred, during the period of interruption, with due consideration being given to the experience of the business before the loss and the probable experience thereafter.

2. If Time Element coverage is also provided under the Business Interruption Actual Loss Sustained endorsement, the following shall apply.

The Average Daily Value will be determined by dividing the actual amount of net profits, fixed charges and expenses that would have been earned had no loss occurred by the actual number of working days, had no loss occurred, during the period of interruption, with due consideration being given to the experience of the business before the loss and the probable experience thereafter.

Extra Expense

E. INTERRUPTION BY CIVIL AUTHORITY

This policy is also extended to include the Extra Expense incurred by the Insured, during the length of time, not exceeding two (2) consecutive weeks, when access to or from such Premises Described in the Declarations is specifically prohibited by order of civil or military authority. Such prohibition must be as a direct result of a peril not otherwise excluded to property of a type not otherwise excluded.

F. USE OF OTHER PROPERTY

The Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from other sources in reducing the Extra Expense incurred under this endorsement.

G. LIABILITY

The Company's total liability under this provision shall be limited to the amount of the Sublimit of Liability for Extra Expense specified in the Declarations, as more fully described in the Limits and Sublimits of Liability Condition of this policy.

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

ACE American Insurance Company

Extra Expense Coverage Restriction

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 8

Effective Date: 10/01/2014

It is agreed that there shall be no recovery under this policy for any Extra Expense incurred in the generation, transmission, purchase, replacement, trading or distribution of electrical power.

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

ACE American Insurance Company

Mold, Fungus, Wet and Dry Rot and Bacteria Exclusion

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 9

Effective Date: 10/01/2014

This Policy does not insure any loss, damage or expense consisting of, caused by, contributed to, or aggravated by mold, moss, mildew, fungi, spores, bacterial infestation or any similar organism, wet or dry rot and extremes of temperature or humidity, whether directly or indirectly the result of a covered peril. This includes, but is not limited to, the cost for investigation, testing, remediation services, extra expense or business interruption. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. If loss otherwise covered by this policy occurs and the cost of removal of debris is increased due to the presence of rust, mold, moss, fungus, bacterial infestation, wet or dry rot and extremes of temperature or humidity, this policy will only be liable for the costs of debris removal which would have been incurred had no such factors been present in, on, or about the covered property to be removed.

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

ACE American Insurance Company

Named Windstorm Definition

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 10

Effective Date: 10/01/2014

For the purpose of this sublimit and deductible, Named Windstorm is defined as a tropical storm or hurricane as designated by the National Oceanic and Atmospheric Administration, including any tornadoes spawned by such designated storms. NOAA defines tropical storms and hurricanes according to the Saffir/Simpson Scale which measures wind speeds at 32.9 feet above sea level for a 60 second duration reaching minimum wind speeds of 39 mph.

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

ACE American Insurance Company

Political Risk Exclusion

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 11

Effective Date: 10/01/2014

This policy does not insure loss or damage caused by or resulting from:

Confiscation, expropriation, nationalization, commandeering, requisition or destruction of or damage to property by order of the Government de jure or de facto or any public, municipal or local authority of the country or area in which the property is situated; seizure or destruction under quarantine or customs regulation.

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

ACE American Insurance Company

Terrorism Exclusion

(For Certified Acts of Terrorism under the Terrorism Risk Insurance Act, as amended)

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 12

Effective Date: 10/01/2014

This Policy excludes loss, damage, cost or expense, arising directly or indirectly as a result of a "certified act of terrorism" as defined by Section 102(1) of the Terrorism Risk Insurance Act, as amended ("the Act"), and any revisions or amendments thereto, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For purposes of this endorsement and in compliance with the Act, "certified act of terrorism" shall mean an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the Act. The criteria contained in that Act for a "certified act of terrorism" include the following:

1. The act resulted in aggregate losses in excess of \$5 million; 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.

However, if an act of terrorism results in a fire and the direct physical loss or damage to property insured hereunder located in any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, each of the United States Virgin Islands and any territory or possession of the United States, that, either pursuant to the Standard Fire Policy or otherwise, prohibits exclusions for acts of terrorism that result in fire, this Company will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage to property insured hereunder and may be limited, in accordance with the Standard Fire Policy to the lesser of the actual cash value of the property at the time of the loss, or the amount which it would cost to repair or replace the property, without allowance for any increased cost of repair or replacement by reason of any ordinance or law, and without any compensation for business interruption, extra expense to continue business activities, or any other coverage for loss or damage other than direct physical loss or damage to the property insured hereunder.

With respect to fire resulting from any one or more acts of terrorism, this Company will not pay any amounts for which this Company is not responsible under the terms of the Act (including subsequent Congressional action pursuant to the Act) due to the application of Section 103 of the Act or any clause that results in a cap on our liability for payments for terrorism losses.

THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, COVERAGE MAY BE REDUCED.

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

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

ACE American Insurance Company

Total Terrorism Exclusion

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 13

Effective Date: 10/01/2014

This Endorsement only applies in the United States of America and its Territories and Possessions.

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

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

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

However, if an act of terrorism results in a fire and the direct physical loss or damage to property insured hereunder located in any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, each of the United States Virgin Islands and any territory or possession of the United States, that, either pursuant to the Standard Fire Policy or otherwise, prohibits exclusions for acts of terrorism that result in fire, this Company will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage to property insured hereunder and may be limited, in accordance with the Standard Fire Policy to the lesser of the actual cash value of the property at the time of the loss, or the amount which it would cost to repair or replace the property, without allowance for any increased cost of repair or replacement by reason of any ordinance or law, and without any compensation for business interruption, extra expense to continue business activities, or any other coverage for loss or damage other than direct physical loss or damage to the property insured hereunder.

With respect to fire resulting from any one or more "certified acts of terrorism" as defined under the Federal Terrorism Risk Insurance Act, as amended ("the Act"), this Company will not pay any amounts for which this Company is not responsible under the terms of the Act (including subsequent Congressional action pursuant to the Act) due to the application of Section 103 of the Act or any clause that results in a cap on our liability for payments for terrorism losses.

THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, COVERAGE MAY BE REDUCED.

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

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

ACE American Insurance Company

Valuable Papers and Records

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 14

Effective Date: 10/01/2014

It is agreed that Item 4 of the Valuation clause of the Conditions section of the policy is hereby deleted and replaced by the following:

4. on Valuable Papers and Records, the value blank, plus the cost of transcription from duplicates or from originals, including the cost of labor incurred by the Insured for reconstructing such Valuable Papers and Records.

A. This endorsement does not insure against loss or damage to:

1. property covered under this endorsement, if such property cannot be replaced with other(s) of like kind, size, capacity and quality, or restored to usable condition; or
2. property held as samples or for sale or for delivery after sale.

B. This endorsement does not insure against loss:

1. resulting from errors or omissions in processing or copying; or errors or omissions in machine programming or instructions to machines; or computer error or malfunction of any kind or nature; or
2. resulting from unauthorized instructions to transfer property to any person or to any place; or
3. resulting from voluntary parting with any property by the Insured or any associate, proprietor, partner, director, trustee, or officer of any Insured, if induced to do so by any fraudulent scheme, tricks, device or false pretense.

The Company's total liability under this provision shall be limited to the amount of the Sublimit of Liability for Valuable Papers and Records specified in the Declarations, as more fully explained in the Limits and Sublimits of Liability Condition of this policy.

Any loss hereunder that exceeds the Sublimit of Liability for Valuable Papers and Records specified in the Declarations shall be paid on the basis of the value blank plus the cost of transcription from duplicates or from originals of said valuable papers and records.

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

ACE American Insurance Company

Wind

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 15

Effective Date: 10/01/2014

It is agreed that the following is hereby added to the Definition section of the policy:

Wind

The term Wind shall include, but not limited to, cyclone, tornado, hurricane, or windstorm arising out of atmospheric disturbances or conditions.

As respects Wind, the term Occurrence shall mean the sum total of all the losses sustained by the Insured as the result of damage from Wind and any resulting damage, which arise during a continuous period of seventy-two (72) hours. The Insured may elect the moment from which each of the aforesaid periods of seventy-two (72) hours shall commence; but no two such seventy-two (72) hour periods shall overlap.

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

ACE American Insurance Company

General Change

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 16

Effective Date: 10/01/2014

It is understood and agreed that the property listed below is hereby excluded from coverage under this policy:

1. Steam Turbine Units S-1, S-2 and S-4 and associated boilers, feedwater, condensate, circulating water and auxiliary electrical equipment
2. Substation and switchyard, including the TPPL transformers

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

ACE American Insurance Company

Bridge Wording

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 17

Effective Date: 10/01/2014

Whenever used in this Policy, the terms, “we”, “our”, “you”, and “your” are hereby changed to “the Company”, “the Company’s”, “the Insured”, and “the Insureds”.

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

ACE American Insurance Company

Signatures

Named Insured: City of Lake Worth

Policy Number: EUT N0 91 64 85 6

Endorsement No: 18

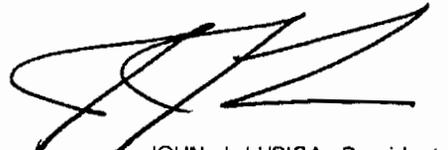
Effective Date: 10/01/2014

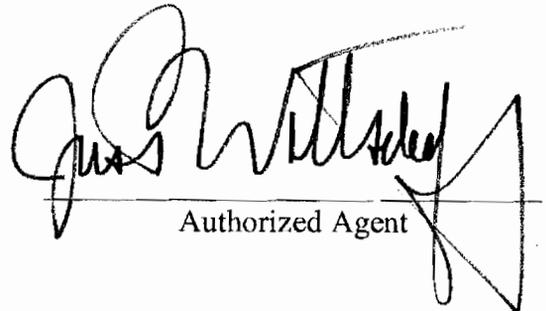
By signing and delivering the policy to you, we state that it is a valid contract.

ACE AMERICAN INSURANCE COMPANY (A Stock Company)

436 Walnut Street, P.O. Box 1000, Philadelphia, Pennsylvania 19106-3703


REBECCA L. COLLINS, Secretary


JOHN J. LUPICA, President


Authorized Agent

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
FARM COVERAGE PART

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. Cancellation For Policies In Effect 90 Days Or Less

a. If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 20 days before the effective date of cancellation if we cancel for any other reason, except we may cancel immediately if there has been:
 - (a) A material misstatement or misrepresentation; or
 - (b) A failure to comply with underwriting requirements established by the insurer.

b. We may not cancel:

- (1) On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or

(2) On the basis of filing of claims for partial loss caused by sinkhole damage, regardless of whether this policy has been the subject of a sinkhole claim, or on the basis of the risk associated with the occurrence of such a claim. However, we may cancel this policy if:

- (a) The total of such property insurance claim payments for this policy exceeds the current policy limits of coverage for property damage; or
- (b) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based.

(3) Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.

B. The following is added to the **Cancellation** Common Policy Condition:

7. Cancellation For Policies In Effect For More Than 90 Days

a. If this policy has been in effect for more than 90 days, we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) The policy was obtained by a material misstatement;

- (3) There has been a failure to comply with underwriting requirements established by the insurer within 90 days of the effective date of coverage;
 - (4) There has been a substantial change in the risk covered by the policy;
 - (5) The cancellation is for all insureds under such policies for a given class of insureds;
 - (6) On the basis of property insurance claims that are the result of an act of God, if we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property;
 - (7) On the basis of filing of claims for partial loss caused by sinkhole damage, or on the basis of the risk associated with the occurrence of such a claim, if:
 - (a) The total of such property insurance claim payments for this policy exceeds the current policy limits of coverage for property damage; or
 - (b) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based; or
 - (8) On the basis of a single property insurance claim which is the result of water damage, if we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.
- b. If we cancel this policy for any of these reasons, we will mail or deliver to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:
- (1) 10 days before the effective date of cancellation if cancellation is for non-payment of premium; or
 - (2) 45 days before the effective date of cancellation if:
 - (a) Cancellation is for one or more of the reasons stated in 7.a.(2) through 7.a.(8) above; and
 - (b) This policy does not cover a residential structure or its contents; or
 - (3) 90 days before the effective date of cancellation if:
 - (a) Cancellation is for one or more of the reasons stated in 7.a.(2) through 7.a.(8) above; and
 - (b) This policy covers a residential structure or its contents.
- C. The following is added:
- NONRENEWAL**
- 1. If we decide not to renew this policy we will mail or deliver to the first Named Insured written notice of nonrenewal, accompanied by the specific reason for nonrenewal, at least:
 - a. 90 days prior to the expiration of the policy if this policy covers a residential structure or its contents; or
 - b. 45 days prior to the expiration of the policy for all other policies.
 - 2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
 - 3. We may not refuse to renew this policy:
 - a. On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or
 - b. On the basis of filing of claims for partial loss caused by sinkhole damage, regardless of whether this policy has been the subject of a sinkhole claim, or on the basis of the risk associated with the occurrence of such a claim. However, we may refuse to renew this policy if:
 - (1) The total of such property insurance claim payments for this policy exceeds the current policy limits of coverage for property damage; or
 - (2) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based.
 - c. Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.

D. Limitations On Cancellation And Nonrenewal In The Event Of Hurricane Or Wind Loss – Residential Property:

1. The following provisions apply to a policy covering a residential structure or its contents, if such property has sustained damage as a result of a hurricane or windstorm that is the subject of a declaration of emergency by the Governor and filing of an order by the Commissioner of Insurance Regulation:

a. Except as provided in **D.1.b.**, we may not cancel or nonrenew the policy until at least 90 days after repairs to the residential structure have been substantially completed so that it is restored to the extent that it is insurable by another insurer writing policies in Florida. If we elect to not renew the policy, we will provide at least 90 days' notice that we intend to nonrenew 90 days after the substantial completion of repairs.

b. We may cancel or nonrenew the policy prior to restoration of the structure, for any of the following reasons:

- (1) Nonpayment of premium;
- (2) Material misstatement or fraud related to the claim;
- (3) We determine that you have unreasonably caused a delay in the repair of the structure; or
- (4) We have paid the policy limits.

If we cancel or nonrenew for nonpayment of premium, we will give you 10 days' notice. If we cancel for a reason listed in **b.(2)**, **b.(3)** or **b.(4)**, we will give you 45 days' notice.

2. With respect to a policy covering a residential structure or its contents, any cancellation or nonrenewal that would otherwise take effect during the duration of a hurricane will not take effect until the end of the duration of such hurricane, unless a replacement policy has been obtained and is in effect for a claim occurring during the duration of the hurricane. We may collect premium for the period of time for which the policy period is extended.

3. With respect to **D.2.**, a hurricane is a storm system that has been declared to be a hurricane by the National Hurricane Center of the National Weather Service (hereafter referred to as NHC). The hurricane occurrence begins at the time a hurricane watch or hurricane warning is issued for any part of Florida by the NHC, and ends 72 hours after the termination of the last hurricane watch or hurricane warning issued for any part of Florida by the NHC.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES – LEGAL ACTION AGAINST US

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART

The following replaces the second paragraph of the Legal Action Against Us condition:

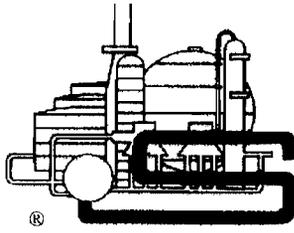
LEGAL ACTION AGAINST US

Legal action against us involving direct physical loss or damage to property must be brought within 5 years from the date the loss occurs.



Questions About Your Insurance?

Answers to questions about your insurance, coverage information, or assistance in resolving complaints can be obtained by calling ACE USA, Customer Support Service Department, at 1-800-352-4462.



TARR TECHNICAL RISKS AGENCY, INC.

TO OUR BROKERS/AGENTS

IMPORTANT NOTICE - TO BE KEPT WITH POLICY

WHAT TO DO WHEN A LOSS OCCURS

1. Report as soon as practicable, every incident, loss or damage which may become a claim to:

Mr. Jim Jezewski, Vice President and Claims Manager
Starr Technical Risks Agency, Inc.
Property Claims Department
399 Park Avenue, 9th Floor
New York, NY 10016
TEL: (646) 227-6348
FAX: (631) 685-3061
e-mail: Jim.Jezewski@cvstarrco.com

(AND)

Mr. Derrick Bell, Assistant Vice President
Starr Technical Risks Agency, Inc.
3353 Peachtree Road, NE
Suite 1000
Atlanta, GA 30326
TEL: (404) 946-1438
FAX: (404) 946-1498
e-mail: Derrick.Bell@cvstarrco.com

2. Starr Technical Risks Agency, Inc. claims **CANNOT** be processed through any other facility and must be reported as indicated above.
3. Adjusters can **ONLY** be assigned by Starr Technical Risks Agency, Inc. Property Claims Department.