

Name Insured: The School District of Palm Beach County, FL  
Policy Number: 037068897  
Carrier: Lexington Insurance Company  
Policy Period: April 1, 2011 to April 1, 2014 (3 year policy term on annual installments)

This form is attached to the above policy number and is subject to Florida Surplus Lines taxes. The normal stamp is not being used as it obstructed the policy wording of the Binder or declaration page of the policy.

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

**DAVID L. MARCUS #A164722  
ARTHUR J. GALLAGHER RISK MANGEMENT SERVICES, INC.  
2255 GLADES ROAD, #400E, BOCA RATON, FL 33431**

**PRODUCING AGENT NAME/FL LIC #:**

JUDITH ARENZ A008465

**Producing Agent's Address:  
2255 GLADES ROAD, #400E, BOCA RATON, FL 33431**

**FSLSO FILE#** \_\_\_\_\_ **QUARTER:** \_\_\_\_\_

**PREMIUM:** \$245,000 (annual) **FHCFEA:** \$3,185

**TAX:** EXEMPT **CPIEA:** \$3,430

**FSLSO SERVICE FEE:** EXEMPT **EMPA:** \$4

**Surplus Lines Agent's Countersignature:**



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

Section 626.9374(1), Florida Statutes

**LEXINGTON INSURANCE COMPANY**

**Administrative Offices: 100 Summer Street, Boston, Massachusetts 02110-2103**

Policy Number: 037068897

Named Insured: THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FL

Policy Effective Date: 04/01/2011

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

### **POLICYHOLDER NOTICE**

Thank you for purchasing insurance from the Chartis companies. Chartis insurance companies generally pay compensation to brokers and independent agents, and may have paid compensation in connection with your policy. You can review and obtain information about the nature and range of compensation paid by Chartis insurance companies to brokers and independent agents in the United States by visiting our website at [www.chartisinsurance.com/producercompensation](http://www.chartisinsurance.com/producercompensation) or by calling 1-800-706-3102.

**LEXINGTON INSURANCE COMPANY**  
**(A DELAWARE CORPORATION)**  
**(A STOCK INSURANCE COMPANY)**  
**Administrative Office 100 Summer Street, Boston, Massachusetts 02110**  
**COMMERCIAL PROPERTY POLICY**  
**DECLARATIONS**

POLICY NUMBER: 037068897

RENEWAL OF: 05237187

ITEM 1. Named Insured: The School District of Palm Beach County, FL  
(see policy form)

Address: 3370 Forest Hill Blvd., Suite A-103  
West Palm Beach, FL 33406

ITEM 2. Policy Period:  
From 04/01/11 To 04/01/12  
at 12:01 A.M. Standard Time at the address of the named insured shown above.

ITEM 3. Limit of Insurance:  
\$25,000,000 for any one loss or occurrence; see policy form for sub limits of insurance.

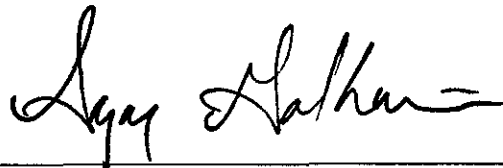
Total Premium \$245,000 Annual Deposit; Minimum Earned Premium \$122,500 Annual

ITEM 4. Perils:  
All Risk of Direct Physical Loss or Damage Including Flood and Earthquake and as further defined within the policy form attached

ITEM 5. Description of Property Covered: Coinsurance  
Master Builders Risk Coverage as fully defined within the policy form attached

ITEM 6. Mortgagee Clause: Loss, if any shall be payable to:

ITEM 7. Forms Attached:  
See attached forms schedule



\_\_\_\_\_  
Authorized Representative or  
Countersignature (In states where applicable)

**FORMS SCHEDULE**

Named Insured: THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FL

Policy No.: 037068897

Effective Date: 04/01/2011

Form Number	Edition Date	Endorsement Number	Title
PRPDEC	01/91		PROPERTY DEC
			MASTER BUILDERS RISK FORM
		1	CLAIMS PREP COST EXTENSION
		2	CLEAN-UP & DECONTAMINATION EXTENSION
		3	ORDINANCE OR LAW
		4	DAMAGE TO EXISTING PROPERTY
PR9019	01/94		STANDARD PROPERTY CONDITIONS
PR9015	08/06		POLLUTION CONTAMINATION FORM
LX9512	08/02		MOLD/FUNGUS EXCLUSION
Y69859	02/98		PROPERTY MILLENNIUM ENDORSEMENT
PR9885	11/05		COVERAGE TERRITORY ENDORSEMENT
PR9514	09/02		PROPERTY ENDORSEMENT
96554	04/08		TERRORISM EXCLUSION

# LEXINGTON INSURANCE COMPANY

## MASTER BUILDERS RISK PROGRAM SECTION A - DECLARATIONS

*Any word appearing in bold faced capitalized type followed by an asterisk is a defined term  
Please refer to SECTION E – DEFINITIONS*

1. A. **NAMED INSURED(S):**

The School District of Palm Beach County, FL

B. **ADDITIONAL INSURED(S):**

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

- (i) Any agent of the Insured or any individual, co-partnership, corporation, unincorporated association, trustee, estate or governmental instrumentality with which the Insured has entered (or will during the Policy period enter) into an agreement or contractual relationship which requires that the Insured have such entity and/or any other entity named as an Insured but only as respects such insurance as is specified in such agreement or contract and as is afforded by this Policy. The effective date for the inclusion of such entity as an Insured in the case of existing agreements and contractual relationships shall be the inception date of this Policy. In the case of new agreements and contractual relationships, such date shall be the date required by the agreement or contractual relationship, provided such date falls within the Policy period.
- (ii) Construction Management Consultants, Contractors and all Sub-contractors and other parties, firms or entities for whom an Insured named in Article 1. A. of this Policy or an Additional Insured named in Article 1.B. of this Policy has contracted to provide this insurance and lender(s) as their interest(s) may appear

The Named Insured shall be deemed the sole and irrevocable agent of each and every Insured under this policy for the purpose of giving or receiving any notices to / from the Company, giving instructions to or agreeing with the Company for alterations of this policy and making or receiving payments of premiums or adjustments of premium.

2. **LOSS PAYEE(S):**

Loss, if any, shall be adjusted with and made payable to the Named Insured and designated Loss Payees & Mortgagees, or as per order of the Named Insured, whose receipt shall constitute a release in full of all liability under this policy with respect to such loss.

3. **TERM OF INSURANCE:**

For a period of three (3) years commencing at 12:01 a.m. Eastern Standard Time on **April 1, 2011** and expiring at 12:01 a.m. Eastern Standard Time on **April 1, 2012**.

Notwithstanding the foregoing effective and expiration dates or subsequent endorsements effecting such dates, the liability of the Company under this policy will apply only for such periods commencing directly with work at the project location(s) and the Company's liability will cease for any insured portions of a project for which the work has been taken over by the owner and/or placed into service for its intended use. The term of insurance includes OPERATIONAL PERFORMANCE TESTING. It is further understood and agreed that coverage shall be extended to include partial occupancy and/or partial use of such portions of a project as may be necessary but prior to formal acceptance by the Named Insured as provided under Extensions of Coverage.

4. **RENEWAL OF INSURANCE:**

With prior notification to and agreement by the Company, this policy may be renewed, subject to payment of additional premium at rates, terms and conditions to be developed by the Company at the time of the Company's agreement to such additional term of insurance.

5. **PARTICIPATION:**

This Policy covers for **100%** interest in this insurance and the Company shall not be liable for more than **100%** of the Limit(s), sublimit(s) and / or aggregate limit(s) set forth in this policy.

6. **LIMIT OF LIABILITY:**

A. **Limit of Liability:**

In accordance with the terms and conditions hereof, this Policy insures against direct physical loss or damage to property described in LOCATION OF PREMISES OF INSURED CONTRACTS hereof, to an amount not exceeding **\$25,000,000** for any one loss occurrence or the replacement cost (as defined in the policy) of the property at the time of loss whichever is less. Under no circumstances shall the Company be required to pay more than **\$25,000,000** as the result of loss or losses resulting from one occurrence. The amount of insurance shall not be reduced nor any other provision of this Policy affected as the result of the occurrence of any loss covered hereunder except as stated below.

However, notwithstanding the provisions as stated above, it is specifically agreed that the Company shall not be liable for more than the following sub-limits of liability in any one occurrence and in the annual aggregate where noted:

B. **Sublimits of Liability:**

- |      |    |            |   |
|------|----|------------|---|
| (1)  | \$ | 25,000,000 | For any one loss <b>OCCURRENCE*</b> for property while in inland transit  |
| (2)  | \$ | 1,000,000  | For any one loss <b>OCCURRENCE*</b> for property while temporarily stored at locations other than the Premises of Insured Contracts.          |
| (3)  | \$ | 250,000    | For any one loss <b>OCCURRENCE*</b> for Expediting Expense  |
| (4)  | \$ | 250,000    | For any one loss <b>OCCURRENCE*</b> for Fire Brigade Charges & Extinguishing Expenses   |
| (5)  | \$ | 100,000    | For any one loss <b>OCCURRENCE*</b> Physical damage to Plans, Blueprints & Drawings   |
| (6)  | \$ | 50,000     | For any one loss <b>OCCURRENCE*</b> for Physical Damage to trees, shrubs, plantings and landscaping at the location(s) of an Insured Project; |
| (7)  | \$ |            | This policy will pay up to 25% of the amount of insured physical loss or damage for Debris Removal for any one loss <b>OCCURRENCE*</b>        |
| (8)  | \$ | 5,000,000  | For any one Loss <b>OCCURRENCE*</b> Demolition & Increased Cost of Construction   |
| (9)  | \$ | 50,000     | For any one loss <b>OCCURRENCE*</b> as the result of loss(s) incurred for Pollutant Clean Up and Removal                                      |
| (10) | \$ | 25,000     | For any one loss <b>OCCURRENCE*</b> for Claim Preparation Expense (per project);  |
| (11) | \$ | 250,000    | For any one loss <b>OCCURRENCE*</b> for Damage to Existing Property of the Named Insured arising from the Construction Operations;            |
| (12) |    | 10,000,000 | For any one loss <b>OCCURRENCE</b> from <b>WINDSTORM*</b> other than <b>NAMED WINDSTORM*</b>  |

In no event shall these sublimits of liability increase the limit of liability

C. **Annual Aggregate Limits of Liability:**

Notwithstanding the foregoing and irrespective of the above stated limit of liability and sub-limit of liability, the maximum amount the Company will pay for loss or damage from any one **OCCURRENCE\***, and/or in the aggregate for loss or damage from all **OCCURRENCES\***, in any one policy year shall not exceed the following amounts for the following perils unless otherwise limited by the sub limits stated above:

- (1). **\$25,000,000** in the aggregate as the result of loss(s) incurred in any one Policy year caused by the peril of **FLOOD\*** except **\$5,000,000** in respect of locations wholly or partially located in a **Special Hazard Flood AREA, areas of 100 year flooding or as defined by the Federal Emergency Management Agency designated Flood Zones A-V;**
- (2). **\$25,000,000** in the aggregate as the result of loss(es) incurred in any one Policy year caused by the peril of **EARTHQUAKE\*** (excluding **EARTHQUAKE\*** coverage for locations in the state of California).
- (3). **\$10,000,000** for any one loss **OCCURRENCE** and **\$10,000,000** in the aggregate as the result of loss(es) incurred in any one Policy year caused by the peril of **NAMED WINDSTORM\***

Policy Year as used in this Policy shall mean the twelve month period commencing with the policy inception date and each subsequent anniversary date(s) of the Policy.

**In no event shall these sublimits of liability increase the Policy limit of liability.**

**7. DEDUCTIBLES:**

From the amount of each claim for insured loss or damage arising out of any one **OCCURRENCE\*** unless otherwise stated, there shall be deducted the applicable amount shown below, and then the liability of the Company shall be only for the amount of such insured loss or damage in excess thereof, subject to the limit of liability, sublimits of liability or annual aggregate limits of liability set forth above.

- A. **\$25,000** physical loss or damage
- B. **\$25,000** transit per conveyance
- C. **\$25,000** offsite temporary storage
- D. **\$25,000** physical damage to trees, plants shrubs and landscaping
- E. **\$25,000** physical damage to plans, blueprints, drawings, renderings, specifications or other contract documents and models at the **INSURED PROJECT\***
- F. **\$25,000** to property while undergoing **HOT TESTING\***;
- G. **\$25,000** to property while undergoing **COLD TESTING\***;
- H. **\$50,000** to property subject to Water Damage other than from **FLOOD\***;
- I. **\$50,000** **FLOOD\*** except **\$500,000** as respects the peril of **FLOOD\*** for project location(s) or insured property located wholly or partially in FEMA (Federal Emergency Management Agency) **FLOOD\*** Zones A or V or within any 100 Year **FLOOD\*** Plain;
- J. **\$50,000** **EARTHQUAKE\***;
- K. **\$250,000** **WINDSTORM\*** except (5%) five percent of the total insured values at risk at the time and the location of loss in respect of a construction contract(s) so effected subject to a minimum deduction of **\$250,000** as respects the peril of **NAMED WINDSTORM\***;

In the event that more than one physical damage deductible shown above or specified in any endorsement issued hereunder shall apply to insured physical loss or damage in any one **OCCURRENCE\***, only the largest shall be applied however in respect of **NAMED WINDSTORM\*** the deductible shall apply for each construction contract so effected by loss;

**8. DESCRIPTION OF INSURED CONTRACTS/PROJECTS\***

All contracts and/or projects not otherwise accepted by the Named Insured comprising the School District of Palm Beach County's Capital Improvement Program which were effective prior to the date of this Policy and those which will commence construction within the effective period of this Policy, all of which are on file with the

Company or will be filed with the Company as provided in the Policy. The foregoing however does not include coverage for contracts/projects or types of construction as stated in Article 9 below.

**9. LOCATION OF PREMISES OF INSURED CONTRACTS/PROJECTS\*:**

All locations owned, leased or occupied (including locations temporarily occupied for purposes of a contract, including the purpose of performing site preparation, infrastructure or other works related to an insured contract but excluding property while being manufactured at a manufacturing site by an Insured or Additional Insured as defined in the Policy .

Notwithstanding the foregoing the following contracts and/or projects and types of construction contracts and/or projects which maybe part of the Capital Improvement Program are excluded from coverage under this Policy unless prior agreement by the Company subject to individual terms and conditions which may be different than the current policy terms and as otherwise endorsed herein:

Excluded Contracts and/or Projects:

Excluded Types of Construction

Frame Construction\* where contract amount is more than \$5,000,000 (Frame Construction\* defined as - Buildings where the walls are constructed of wood or other combustible materials, including when combined with other materials such as brick veneer, stone veneer, wood ironclad or stucco on wood.)

**ESTIMATED ANNUAL CONTRACT EXPENDITURES: Per Summary of Estimated Revenues for Fiscal Year 2011 – 2012 on file with Company**

**10. DEPOSIT PREMIUM / RATES/REPORTING REQUIREMENTS / PREMIUM ADJUSTMENT:**

This Master Builder Risk Policy has been issued in consideration of the annual deposit premium as stipulated below for the twelve (12) month period commencing at inception hereof and expiring at 12:01 a.m. Eastern Standard Time on April 1<sup>st</sup>, 2012. The Insured shall report to the Company actual payments made to contractors for declared insured contracts (including payments made to suppliers/vendors/manufacturers) at the end of the policy year and that such reports shall be made within sixty (60) days of the expiration of the policy 4/01/2012 until all contracts awarded during the term this Policy remaining in force beginning prior to April 1<sup>st</sup> 2011 and awarded after April 1<sup>st</sup>, 2011 but awarded prior to expiration of the Policy until such projects shall have been accepted by the Named Insured of this Policy or policy expiration whichever first occurs. The initial report of award of new contracts (contracts awarded which have not been previously reported to the Company being effective prior to and after 4/01/2011) shall include: the assigned contract reference number if applicable, the name of the awarded contractor, a brief description of the scope of work, location of the project, contract amount and estimated start and completion dates of the contract. The Insured shall permit at the option of the Company the right of audit of contract payments including payments to vendors included under coverage of the policy.

Earned Premium hereunder shall be computed at a rate of \$0.5766/\$100 per hundred dollars of payments made to contractors, suppliers, vendors and manufacturers and shall apply from the award date of the contract until acceptance of the work by the Named Insured or policy expiration whichever first occurs. Actual premium as computed above shall be deducted from the deposit premium until used, after which additional premiums shall be paid to the Company on audit at the end of the policy within 30 days thereafter as reported based on payments made to contractors, suppliers, vendors and manufacturers. In the event the total actual earned premium computed does not equal the amount of deposit premium paid at inception, the excess of deposit premium shall be returned to the Insured at the conclusion of coverage under this Master Policy subject to any minimum and earned premium for the policy

**Annual Deposit Premium Payment Basis shall be based on estimated contract payments for the annual policy period of the Master Policy but not less than stated herein:**

**Annual Deposit Premium (SURPLUS LINES TAXES ARE IN ADDITION):**

The deposit premium under this policy is **\$245,000** and shall be subject to an annual minimum and earned premium of 50%. The deposit premium shall be adjusted in accordance with the provisions as outlined.

**11. POLICY TERRITORY:**

This policy covers property within the fifty (50) states comprising the United States of America and within the District of Columbia including their coastal waters, unless otherwise endorsed to the policy.

**PART A - COVERAGE**

**1. INSURING AGREEMENT:**

This policy, subject to the terms, exclusions, limitations and conditions contained herein or endorsed hereto, insures against all risks of direct physical loss of or damage including **FLOOD\***, **EARTHQUAKE\*** (excluding **EARTHQUAKE\*** for locations in California) and **NAMED WINDSTORM\*** to insured property while at the location of the **INSURED PROJECT\*** while in offsite temporary storage or while in transit, all within the policy territory and occurring during the term of this policy.

**2. PROPERTY INSURED:**

At the location of an **Insured Project(s)** including permanent works consisting of all material, supplies, equipment, machinery and other property of a similar nature, being property of the Insured or of others for which the Insured may be contractually responsible, all when used or to be used in or incidental to the demolition of existing structures, site preparation, fabrication or assembly, installation or erection, construction of or alteration/renovation/rehabilitation of an **Insured Project** including temporary works being all scaffolding, form work, shoring, hoarding, false-work and temporary buildings all incidental to an **Insured Project** and for which the capital allocated costs are included in the estimated contract payments reported to the Company.

**3. EXTENSIONS OF COVERAGE:**

**A. TRANSIT:**

Subject to the SUBLIMIT OF LIABILITY stated under paragraph 6.B.(1) of the DECLARATIONS, transit coverage applies with respect to property to be used in or incidental to completion of an **INSURED PROJECT\*** from the commencement of loading at the original point of shipment anywhere within the policy territory, until completion of unloading at the **INSURED PROJECT\***, including shipments on inland or coastal waters but excluding ocean marine shipments.

The Insured agrees to keep records of all shipments Insured hereunder and make them available to the Company upon request.

This coverage shall be void if the Insured enters into any special agreement with carriers, releasing them from their common law or statutory liability or agreeing that this insurance shall in any way inure to the benefit of such carriers; however, the Insured may, without prejudice to this coverage, accept such bills of lading, receipts, or contracts of transportation as are ordinarily issued by carriers containing a limitation as to the value of property insured.

**B. OFFSITE TEMPORARY STORAGE:**

Subject to the SUBLIMIT OF LIABILITY stated under paragraph 6.B.(2) of the DECLARATIONS, offsite temporary storage coverage applies with respect to property to be used in or incidental to completion of an **INSURED PROJECT\***, anywhere within the policy territory but excluding such property while in the course of manufacturing or processing at the manufacturer's or supplier's site or while in transit.

**C. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES:**

Subject to the SUBLIMIT OF LIABILITY stated under paragraph 6.B.(3) of the DECLARATIONS, in the event of direct physical loss or damage insured hereunder and occurring during the policy period, the Company will pay the following reasonable expenses:

- (1) fire brigade charges and other extinguishing expenses for which the Named Insured may be assessed;
- (2) loss of fire extinguishing materials expended in fighting fire, including the loss of similar material which may be brought on the project location for the purpose of extinguishing a fire already in progress at the time such materials are ordered and delivered, but liability shall not exceed the combined value of such extinguishing materials which are on the premises, or on adjacent premises, if such materials are jointly owned at the time of loss.

**D. EXPEDITING EXPENSE:**

Subject to the SUBLIMIT OF LIABILITY stated under paragraph 6.B.(4) of the DECLARATIONS, in the event of direct physical loss or damage insured hereunder and occurring during the policy period, the Company will pay, for the reasonable extra costs to make temporary repairs and to expedite the permanent repair or replacement of the insured property which is damaged by an insured peril, including additional wages for overtime, night work, and work on public holidays and the extra costs of express freight or other rapid means of transportation.

**E. PLANS, BLUEPRINTS, DRAWINGS, RENDERINGS, SPECIFICATIONS OR OTHER CONTRACT DOCUMENTS & MODELS:**

Subject to the SUBLIMIT OF LIABILITY stated under paragraph 6.B.(5) of the DECLARATIONS, this policy is extended to cover direct physical loss of or damage to plans, blueprints, drawings, renderings, specifications or other contract documents (whether paper or electronic media format and models while at an **INSURED PROJECT\***.

**F. ORDINANCE OR LAW/DEMOLITION AND INCREASED COST OF CONSTRUCTION**

Subject to the SUBLIMIT OF LIABILITY stated under paragraph 6.B.(6) of the DECLARATIONS, this policy is extended to cover direct physical loss of or damage in the event of insured loss or damage under the policy that causes the enforcement of any law or ordinance in effect at the time of loss that regulates the repair, rebuilding or re-construction of the damaged portions of an **INSURED PROJECT\***, then to the extent required by such enforcement of any law or ordinance, the Company shall be liable for:

Cost of demolishing any undamaged parts of a project including the cost of clearing the site.

1. Increased cost of repair, rebuilding or re-construction of the damaged portions of an **INSURED PROJECT\*** on the same premises but not exceeding like height, floor area, style and limited to the minimum requirements of the law or ordinance.
2. If applicable under the policy or endorsements thereto, the increase in the Delay In Completion coverage loss arising out of the additional time required to comply with the requirements of said law or ordinance. Such additional time will not exceed **thirty (30)** consecutive days.

With respect to coverage provided by Paragraph 2., the Company shall not be liable for any loss, unless and until the damaged or destroyed building(s) or structure(s) is actually rebuilt or replaced on the same premises with due diligence and dispatch and in no event, unless repair or replacement is completed within two (2) years after the date of destruction or damage or within such further time as the Company may allow, in writing, during the two (2) years.

The following costs are not reimbursable in the event of a loss hereunder:

1. Cost of demolition or increased cost of repair or reconstruction, debris removal, or other consequential loss caused by the enforcement of any law or ordinance regulating asbestos or other hazardous material;

2. Cost of any governmental direction or request declaring that asbestos or other hazardous material present in or part of or utilized on any undamaged portion of insured property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.
3. Cost of demolition or increased cost of repair or reconstruction, debris removal, or other consequential loss caused by the enforcement of any law or ordinance regulating **CONTAMINANTS OR POLLUTANTS\***;
4. Cost of compliance with the enforcement of any law or ordinance which the Insured or owner would have otherwise incurred by nature of such law or ordinance in the absence of any loss or damage covered by this policy.

**G. DEBRIS REMOVAL:**

Subject to the SUBLIMIT OF LIABILITY stated under paragraph 6.B.(7) of the DECLARATIONS, in the event of direct physical loss or damage insured hereunder and occurring during the policy period, the Company will pay the following necessary and reasonable costs:

- (1) costs to remove debris being an insured part of the property from the project location of the Insured; and/or
- (2) cost of cleanup, at the project location of the Insured, made necessary as a result of such direct physical loss or damage.

The Company will not pay the expense or cost to extract **CONTAMINANTS OR POLLUTANTS\*** from land, water and / or debris, or to remove, restore, or replace contaminated or polluted land or water. Nor will the Company remove or transport any property or debris to a site for storage or decontamination required because the property or debris is affected by **CONTAMINANTS OR POLLUTANTS\***, whether or not such removal, transport or decontamination is required by law, ordinance or regulation.

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

**H. CLEAN-UP AND DECONTAMINATION**

Subject to the SUBLIMIT OF LIABILITY stated under paragraph 6.B.(8) of the DECLARATIONS, in the event of direct physical loss or damage insured hereunder and occurring during the policy period, the Company will pay the cost of cleanup or decontamination as a result of sudden and unforeseen loss caused by **CONTAMINANTS OR POLLUTANTS\*** on an **INSURED PROJECT\*** site at time of **OCCURRENCE\*** but restricted to the **INSURED PROJECT\*** site; demolition, or removal of any insured property to the extent required by the enforcement of any law, regulation, or ordinance regulating the construction, repair, or demolition of buildings or structures subsequent to and necessitated by a loss caused by an Insured peril provided that such law, regulation, or ordinance is in effect at the time of loss. No additional costs of reconstruction or additional costs of repair by reason of any law, regulation, or ordinance are included hereunder. The foregoing shall not invalidate any other provisions of the policy or endorsements attached to the policy.

Any costs incurred hereunder shall be subject to the deductible applicable to the cause of loss that necessitates such costs.

**I. TREES, SHRUBS, PLANTINGS AND LANDSCAPING:**

Subject to the SUBLIMIT OF LIABILITY stated under paragraph 6.B.(9) of the DECLARATIONS, this policy is extended to cover direct physical loss or damage to trees, plantings, shrubs and landscaping materials which are part of and while located at an **INSURED PROJECT\***;

**J. HOT TESTING\*:**

This policy is extended to cover direct physical loss or damage to the property insured which is caused by or results from **HOT TESTING\***.

The Insured warrants that supervisory and safety systems shall not be deliberately or knowingly circumvented during the conduct of **TESTING\***. This warranty shall not apply when it is standard accepted industry practice and / or manufacturer's specification that such circumvention is necessary for the conduct of individual activities within the conduct of **TESTING\*** provided that such circumvention does not extend beyond said individual activities. It is further warranted that all instrumentation will be installed and activated prior to the conduct of any **TESTING\***.

**K. PERMISSION TO OCCUPY / OPERATE EXTENSION OF COVERAGE**

This policy is extended to permit partial occupancy / operation of any machinery, facility or other property insured hereunder being a part of an **INSURED PROJECT\*** but prior to final acceptance by the Owner and coverage shall not be reduced due to such partial occupancy/operation except as provided herein, provided that the Insured warrants that all fire protection and security systems shall be in service and fully operational prior to and during any such occupancy/operation . It is a condition hereof that the Insured, upon such knowledge, shall report any increase in hazard beyond that provided for in the policy

If the Delay in Completion Extension of Coverage applies to the policy, coverage thereunder shall be null and void as respects any machinery, facility or other property which is occupied or put into operation.

**L. CLAIMS PREPARATION COSTS EXTENSION OF COVERAGE**

Subject to the SUBLIMIT OF LIABILITY stated under paragraph 6.B.(10) of the DECLARATIONS, this policy is extended is extended to cover reasonable and necessary additional expenses incurred by the Insured which are directly related to the preparation, substantiation and / or documentation of any claim for physical loss or damage to insured property as a result of a covered cause of loss under this policy. Any costs incurred for the services or efforts of a Public Adjuster are expressly excluded.

The Company shall have no liability for any additional expense hereunder unless and until a claim for physical loss or damage to insured property as a result of a covered cause of loss under this policy has been submitted to and accepted by the Company.

Any costs incurred hereunder shall be subject to the deductible applicable to the cause of loss that necessitates such costs. In the event that the amount of physical loss or damage to insured property as a result of a covered cause of loss under this policy is less than the applicable deductible stated elsewhere in this policy, the Company shall not accept a claim for nor be liable for additional expenses as covered herein.

**M. DAMAGE TO EXISTING PROPERTY EXTENSION OF COVERAGE**

Subject to the SUBLIMIT OF LIABILITY stated under paragraph 6.B.(11) of the DECLARATIONS, this policy is extended to cover damage to the Named Insured's existing real property at the location of an **INSURED PROJECT\*** but only when an **INSURED PROJECT\*** is contained within or attached to such existing real property and then only to the extent loss or damage arises out of the contractor's performance of the **INSURED PROJECT\*** subject to the following terms and conditions:

1. The following additional exclusions shall apply hereunder:
  - A. Personal Property;
  - B. Any property located outside of real property covered;
  - C. Underground utilities of any kind;
  - D. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - E. Electrical injury or disturbance caused by electrical currents artificially generated;

Exclusions D and E apply unless direct physical loss or damage by an insured peril ensues and then this policy insures only such ensuing loss or damage.

- F. Business Interruption, extra expense or other consequential loss;
  - G. Explosion, rupture or bursting of steam boilers, steam pipes, steam turbines or steam engines owned, leased or operations under the Insured's (including Additional Insured's) control. Direct physical loss or damage caused by or resulting from explosion of gases or fuel within the furnace or any fired vessel or within the flues or passages through which the gases or combustion pass is covered.
  - H. Interruption of incoming electricity, fuel, water, gas, steam, refrigerant or other services except as specifically covered in this policy or unless such interruption of services directly result in physical damage not otherwise excluded by this policy. If a peril insured against ensues, this policy insures only such ensuing loss or damage.
2. The following basis of valuation shall apply at the time and place of loss:
- A. If actually replaced - the cost to repair or replace the property lost or damaged with materials of like kind and quality excluding betterment.
  - B. If not replaced - the actual cash value (the replacement cost at the time of loss or damage less depreciation).

Coverage under this extension does not include loss or damage due to Acts of God including but not limited to Earthquake, Flood, and any form of Windstorm

## **PART B - EXCLUSIONS AND LIMITATIONS**

### **PERILS EXCLUDED:**

1. This policy shall not pay for loss, damage or expense caused directly or indirectly and / or contributed to, in whole or in part, by any of the following excluded perils except as specifically allowed in A, B, C, D, F, J, K, L, N, T or U below:
- A. Consequential loss, damage or expense of any kind or description including but not limited to loss of market or delay, liquidated damages, performance penalties, penalties for non-completion, delay in completion, or non compliance with contract conditions, whether caused by a peril insured or otherwise, however the foregoing shall not exclude Delay In Completion Coverage when it is endorsed to this policy;
  - B. Cost of making good faulty or defective workmanship or material, unless direct physical loss or damage by an insured peril ensues and then this policy will cover for such ensuing loss or damage only;
  - C. Cost of making good fault, defect, error, deficiency or omission in design, plan or specification, unless direct physical loss or damage by an insured peril ensues and then this policy will cover for such ensuing loss or damage only;
  - D. Wear and tear, gradual deterioration, inherent vice, latent defect, corrosion, rust, dampness or dryness of the atmosphere, unless direct physical loss or damage by an insured peril ensues and then this policy will cover for such ensuing loss or damage only;
  - E. Notwithstanding any other war risk or terrorist exclusion that may be in the policy or any clause limiting or attempting to limit the application of any endorsements to the policy, this policy is amended as follows: the policy does not cover loss or damage to property caused by, resulting from, contributed to or aggravated by any of the following perils, whether such loss or damage is accidental or intentional, intended or unintended, direct or indirect, proximate or remote or in whole or in part caused by, contributed to or aggravated by any perils insured by the policy:

- (1) war, hostile or warlike action in time of peace or war, whether or not declared, including action in hindering, combating or defending against an actual, impending or expected attack:
  - (a) by government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval or air forces; or
  - (b) by military, naval or air forces; or
  - (c) by an agent of any such government, power, authority or force.
- (2) any weapon of war employing atomic fission or radioactive force whether in time of peace or war, whether or not its discharge was accidental;
- (3) insurrection, rebellion, revolution, civil war, usurped power, or action taken by government authority in hindering, combating, or defending against such an occurrence, seizure or destruction;
- (4) any act of one or more persons, whether known or unknown and whether or not agents of a sovereign power, for Terrorist purposes;
- (5) hijacking or any unlawful seizure or wrongful exercise or control of any mode of transportation, including but not limited to aircraft, watercraft, truck(s), train(s) or automobile(s), including any attempted seizure of control, made by any person or persons.

Such loss or damage is excluded regardless of any other cause, event or intervention that contributes concurrently or in any sequence to the loss or damage.

Terrorist purposes means the use or threatened use of any unlawful means, including the use of force or violence against any person(s) or property (ies), for the actual or apparent purpose of intimidating, coercing, punishing or affecting society or some portion of society or government.

- F. Nuclear reaction, nuclear radiation or radioactive contamination however such may have been caused; nevertheless if a fire arises directly or indirectly any of the foregoing, any loss or damage arising directly from that fire shall (subject to the provisions of this policy) be covered, excluding however all loss or damage caused by nuclear reaction, nuclear radiation or radioactive contamination arising directly or indirectly from that fire;
- G. Disappearance or when revealed by inventory shortage alone;
- H. Infidelity, dishonesty or fraudulent activity of the Insured or any of the Insured's partners, officers, directors, trustees, employees or others to whom the insured property is entrusted;
- I. Loss, damage, costs, expenses, fines or penalties incurred or sustained by or imposed on the Insured at the order of any government agency, court or other authority arising from any cause whatsoever;
- J. Actual, alleged or threatened release, discharge, escape or dispersal of **CONTAMINANTS OR POLLUTANTS\***, all whether direct or indirect, proximate or remote or in whole or in part caused by, contributed to or aggravated by any physical loss or damage insured by this policy;

Nevertheless, if fire is not excluded from this policy and a fire arises directly or indirectly from actual release, discharge, escape or dispersal of **CONTAMINANTS OR POLLUTANTS\***, any loss or damage insured under this policy arising directly from that fire is insured, subject to the provisions of this policy;

This exclusion shall not apply when loss or damage is directly caused by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm, hail, vandalism or malicious mischief, leakage or accidental discharge from automatic **FIRE PROTECTION SYSTEMS\***;

- K. This policy does not cover:
  - (1) The removal of asbestos, dioxin or polychlorinated biphenols (hereinafter all referred to as "Materials") from any goods, products or structures. However, if asbestos is damaged by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or

hail, vandalism, malicious mischief, or leakage or accidental discharge from an **AUTOMATIC FIRE PROTECTION SYSTEMS\***, the cost of removal shall be covered herein. The coverage afforded by this extension does not apply to the costs of investigation or defense of any loss or damage, or any costs for loss of use expense, fine or penalty or for any expense or claim or suit related to any of the above.

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

Any governmental direction or request declaring that such Materials present in, or part of, or utilized on any portion of the Insured's property or **INSURED PROJECT\*** can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

- L. Loss or damage covered under any written or implied guarantee or warranty by any manufacturer or supplier, but only to the extent of recovery from such written or implied guarantee or warranty;
- M. Normal subsidence, settling, cracking, expansion, contraction or shrinkage of walls, floors, ceilings, buildings, foundations, patios, walkways, driveways or pavements;
- N. Cessation of the work, whether total or partial, unless such cessation has been directly occasioned by loss or damage covered under the policy. Cessation of the work, as used herein, shall not mean any period of time during which operations would not normally have been conducted such as Saturdays, Sundays or Holidays, nor shall it mean seasonal inactivity planned in advance or labor actions beyond the Insured's control, provided the location of an **INSURED PROJECT\*** is maintained and protected against loss during such inactivity.
- O. Erosion of graded or planted finish or rough grades which results from normally expected or predictable precipitation and surface water runoff.
- P. As respects the **EXTENSION OF COVERAGE** for **TREES, SHRUBS, PLANTINGS AND LANDSCAPING MATERIAL** the following exclusions apply:
  1. Infestation
  2. Disease
  3. Freeze or Drought
  4. Hail
  5. Weight of Ice or Snow
  5. Damage caused by insects, vermin, rodents or animals
- Q. As respects **EXTENSION OF COVERAGE** for **PLANS, BLUEPRINTS, DRAWINGS, RENDERINGS, SPECIFICATIONS OR OTHER CONTRACT DOCUMENTS & MODELS**, electrical or magnetic injury to or errors and omissions in creating, processing or copying electronic records, however caused;
- R. The Company shall not be liable for any loss or damage caused by, arising out of, contributed to, or resulting from fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast;
  - (a) fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms;
  - (b) mold(s) includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s);
  - (c) spores means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms,regardless of any other cause or event that contributes concurrently or in any sequence to such loss.
- S. Loss or damage arising from, contributed to, or resulting from rain, snow, sleet or ice, all whether wind driven or not, entering the interior of any building(s) or structure(s) unless the exterior of such

building(s) or structure(s), including but not limited to the roof and outside walls, is complete, and then only if said exterior of the building(s) or structure(s) first sustains physical damage by a covered loss through which the rain, snow, sleet or ice enters.

#### **T. EXCLUSION FOR SOFTWARE AND DATA-RELATED LOSSES**

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

1. Any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility,
2. Any corruption, destruction, distortion, erasure or other loss or damage to data, software, or any kind of programming or instruction set,
3. Loss of use or functionality whether partial or entire of data, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing liability or failure of the Insured to conduct business.

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

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

#### **U. PROPERTY Y2K MILLENNIUM EXCLUSION**

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

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

These clauses shall not exclude subsequent Damage or Consequential Loss, not otherwise excluded, which itself results from a Defined Peril. Defined Peril shall mean: fire, Lightning, explosion aircraft or

vehicle impact, falling objects, windstorm, hail, tornado, hurricane, riot, strike, civil commotion, vandalism, malicious mischief, earthquake, volcano, tsunami, freeze or weight of snow.

- V. Regardless of the amount of damage and losses, and whether certified (TRIA) or non-certified Terrorism coverage is provided in the policy the following exclusions are absolute as to any incident of terrorism:
1. That involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
  2. That is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
  3. In which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

2. **PROPERTY EXCLUDED:**

This policy does not insure:

- A. Land and land values and the value of cut, fill and backfill materials existing at a project site prior to project commencement; however, to the extent included in the contract payments and declared for premium purposes, the value of fill and backfill materials purchased for use in the completion of an **INSURED PROJECT\*** is not excluded. Notwithstanding the foregoing, labor and material charges incurred to move, remove, place or otherwise handle cut, fill and backfill materials, whether insured or uninsured in the foregoing, are covered to the extent such charges are included in the contract payments and declared for premium purposes;
- B. Contractor's tools, machinery, plant and equipment, including spare parts and accessories, whether owned, loaned, hired or leased, and property of a similar nature not destined to become a permanent part of a completed **INSURED PROJECT \*** unless the value of the same is reported and additional premium is paid at rates and terms to be agreed;
- C. Vehicles or equipment licensed for highway use, aircraft or watercraft, rolling stock but not excluding rolling stock which comprises part of an **INSURED PROJECT\***;
- D. Water, animals, standing timber and growing crops;
- E. Accounts, bills, currency, stamps, deeds, evidence of debt, checks, money, securities, precious metals or precious stones or other property of a similar nature;
- F. Existing property at the location of an **INSURED PROJECT\*** unless separately declared to the Company in advance and specifically endorsed to the policy at terms and conditions to be agreed;
- G. Property located at other than the location of an **INSURED PROJECT\*** except as covered under the Transit or Offsite Temporary Storage Extensions of Coverage;
- H. Prototype, developmental or used machinery and equipment but only as to damage while undergoing any form of testing, commissioning or startup unless specifically endorsed to the policy;
- I. Transmission and distribution lines outside of an **INSURED PROJECT \***;
- J. Loss or damage to insured property while covered by Ocean Marine Insurance or while waterborne in the course of ocean shipment;

## **PART C - DEFINITIONS**

Wherever in this Policy a word or words appear in capitalized bold face type followed by an asterisk, the following definitions will be applied in the interpretation of such wording.

1. **NAMED WINDSTORM (i.e. NAMED STORM):**

means an atmospheric disturbance marked by high winds, with or without precipitation that has been declared by the National Weather Service or equivalent weather service to have wind speeds in excess of 39 miles per hour and includes such events such as Hurricane, Typhoon, Tropical Cyclone, Tropical Storm, Rainstorm, Hailstorm, Tornado, or any combination of the foregoing events, including any resulting flood, tidal or wave action.

2. **CONTAMINANTS OR POLLUTANTS:**

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

3. **EARTHQUAKE:**

All land movement due to seismic activity, including but not limited to shocks, tremors, volcanic action, volcanic eruption, earth rising or shifting, landslide, subsidence, sinkhole, rockfall and tsunami.

4. **FIRE PROTECTION SYSTEMS:**

Tanks, water mains, hydrants, or valves, and any other equipment whether used solely for fire protection or jointly for fire protection and for other purposes but excluding:

- A. branch piping from a joint system where such branches are used entirely for purposes other than fire protection.
- B. any underground water mains or appurtenances located outside of the described premises and forming part of the public water distributing system.
- C. any pond or reservoir in which the water is impounded by a dam.

5. **FLOOD:**

A. A general and temporary condition of complete inundation of normally dry land areas, including dewatered areas, from:

- (1) The overflow of inland or tidal waters;
- (2) The unusual and rapid accumulation or runoff of surface water \*;
- (3) Mudslides (i.e. mudflows) which are caused by flooding as defined in subparagraph A(2) above and are akin to a river of liquid and flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water and deposited along the path of the current;

\* The term "surface water", as used hereunder, shall mean seepage, leakage or influx of water (immediately derived from natural sources) through sidewalks, driveways, foundations, walls, basements or other floors, or through doors, windows or any other openings in such sidewalks, foundations, walls or floors; and shall also include all water which backs up through sewers and drains

B. The collapse or subsidence of land along the shore of a lake or other body of water as a result of erosion or undermining caused by waves or currents of water exceeding the cyclical levels which result in flooding as defined in A(1) above.

**6. INSURED PROJECT(S) OR CONTRACT(S):**

The work which the Insured is contractually obligated to perform in accordance with the contract documents being more fully described and located as set forth in the Declarations or Policy Conditions and herein referred to as Capacity and Capital Improvement Projects associated with the School District of Palm Beach County, Florida as on file with the Company or to be filed with the Company .

**7. ISO EARTHQUAKE ZONES:**

**ISO ZONE 1**

**Alaska Counties of:** All Counties except North Slope;

**California Counties of:** Alameda, Alpine, Contra Costa, Del Norte, Humbolt, Imperial, Inyo, Kern, Lake, Los Angeles, Marin, Mendocino, Mono, Monterey, Napa, Orange, Riverside, San Benito, San Bernardino, San Diego, San Francisco, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma and Venture

**Nevada Counties of:** Carson City, Churchill, Douglas, Esmeralda, Humbolt, Lander, Lyon, Mineral, Nye, Pershing, Storey and Washoe

**ISO ZONE 2**

**Arkansas Counties of:** Clay, Craighead, Crittenden, Cross, Greene, Jackson, Mississippi & Poinsett

**Hawaii Counties of:** All Counties other than Honolulu and Kauai

**Idaho Counties of:** Bannock, Bear, Lake, Caribou, Clark, Franklin, Freemont & Oneida

**Illinois Counties of:** Alexander, Massac, Pulaski & Union

**Kentucky Counties of:** Ballard, Carlisle, Fulton, Graves, Hickman & McCracken

**Mississippi Counties of:** Desoto

**Missouri Counties of:** Bollinger, Butler, Cape Girardeau, Dunkin, Mississippi, New Madrid, Pemiscot, Scott & Stoddard

**Montana Counties of:** Beaverhead, Broadwater, Flathead, Gallatin, Jefferson, Lewis & Clark, Madison, Meagher, Park, Powell & Yellowstone National Park

**Nevada Counties of:** Lincoln

**Tennessee Counties of:** Crockett, Dyer, Haywood, Lake, Lauderdale, Obion, Shelby & Tipton

**Utah Counties of:** Box, Elder, Cache, Davis, Juab, Millard, Morgan, Salt Lake, Sanpete, Sevier, Tooele, Utah & Weber

**Washington Counties of:** Clallam, Island, Jefferson, King, Kitsap, Mason, Pierce, San Juan, Skagit, Snohomish, Thurston & Whatcom

**Wyoming Counties of:** Teton & Yellowstone National Park

**ISO ZONE 3 California** All California Counties not named under ISO ZONE 1 above

**8. OCCURRENCE:**

With the exception of the perils of **EARTHQUAKE\***, **FLOOD\***, **NAMED WINDSTORM\***, **WINDSTORM\***, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief **OCCURRENCE\*** means an accident, incident, or a series of accidents or incidents arising immediately out of a single event or originating cause and includes all resultant or concomitant losses wherever located.

In respect of the perils of **EARTHQUAKE\***, **NAMED WINDSTORM\***, **WINDSTORM\***, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief **OCCURRENCE\*** shall mean all losses arising during a continuous period of **seventy-two (72)** hours during the term of this policy. The Insured may elect the moment when the **seventy-two (72)** hour period begins, but no two such periods shall overlap. Such **EARTHQUAKE\***, **NAMED WINDSTORM\***, **WINDSTORM\***, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief shall be deemed to be a single **OCCURRENCE\*** within the meaning of this policy.

In respect of the peril of **FLOOD\***, **OCCURRENCE\*** shall mean all losses arising during a continuous condition as defined in the definition of **FLOOD\*** under paragraph 5 above.

The Company shall not be liable for any such loss occurring before the effective date and time or occurring after the expiration date and time of this Policy.

**9. TESTING:**

- A. **HOT TESTING\*** - Any startup, commissioning or other forms of testing making use of any feedstock or similar media including operational or performance tests.
- B. **Cold Testing** - Any functional testing, exclusive of **HOT TESTING\*** as defined above including but not limited to electrical, mechanical, hydraulic, hydrostatic and pneumatic.
- C. For the purposes of the foregoing definitions, startup and testing of building systems shall be considered Cold Testing.

**10. TESTING PERIOD:**

As respects **HOT TESTING\***, the **TESTING PERIOD\*** shall mean and be limited to that period beginning with the introduction into the insured property of feedstock or similar media for processing and handling or the commencement of supply to a system and continuously thereafter whether or not such testing, commissioning or startup is continuous or intermittent.

**11. WATER DAMAGE:**

Physical loss or damage from leakage of liquids or fluids arising from interior building systems;

**12. WINDSTORM:**

An atmospheric disturbance marked by high winds but less than 39 miles per hour, with or without precipitation, including such events as tropical storm, hurricane, typhoon, rainstorm, hailstorm, tornado, or any combination of the foregoing events, including any resulting flood, tidal or wave action.

## **PART D - GENERAL CONDITIONS**

**1. OBSERVANCE OF CONDITIONS:**

The due observance and fulfillment of the terms and conditions of this policy by the Insured, insofar as they relate to anything to be done or complied with by them, shall be a condition precedent to any liability of the Company to make payment for loss under this policy.

**2. INCREASED HAZARD:**

If the circumstances in which this insurance was entered into shall be altered or if the risk shall be materially increased, the Insured shall as soon as possible give notice in writing to the Company.

**3. MISREPRESENTATION & FRAUD:**

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

**4. ERRORS & OMISSIONS:**

No unintentional errors or omissions in any information required to be reported to the Company or otherwise relative to this insurance will prejudice the Insured's right of recovery, but will be reported to the Company as soon as practicable when discovered.

**5. INSPECTION & AUDIT:**

While this policy is in effect, the Company can, at any reasonable time, inspect the insured property and operations. However, neither the Company's inspection nor any report thereof can serve as any representation that the insured property or operations are safe or healthful, or that they comply with any law, rule or regulation.

Books and records will be kept by the Insured in such a manner that the total project cost of the work and the exact amount of any loss or damage covered by this policy can be accurately determined. The Company may examine and audit the Insured's books and records at any reasonable time during the policy period and within one year after the final termination of the policy, as long as they relate to the subject matter of this policy.

**6. CLAIM AGAINST TRANSIT CARRIER AND/OR BAILEE:**

No claim for loss or damage during transit shall be payable hereunder until the Insured has filed a claim with and made reasonable efforts to secure payment from the transporting carrier and the carrier has denied liability.

**7. PROTECTION OF PROPERTY:**

The Insured will take reasonable steps to protect, recover or save the property insured and minimize any further or potential loss or damage when:

- A. The property insured has sustained direct physical loss or damage by an insured peril; or
- B. The property insured is in imminent danger of sustaining direct physical loss or damage from:
  - (1) **WINDSTORM\*** or other related perils, but only when the potential for the same to occur has been forecasted by the National Weather Service or similar recognized weather forecast service(s);
  - (2) **FLOOD\***, but only when the potential for the same to occur has been forecasted by the National Weather Service or the U.S. Army Corps of Engineers.
  - (3) Fire;

The acts of the Insured or the Company in protecting, recovering or saving the property insured will not be considered a waiver or an acceptance of abandonment. The Insured and the Company will bear the expense incurred proportionate to their respective interests.

The foregoing shall not serve to increase the Limit of Liability stated in the DECLARATIONS and shall be subject to the deductible provisions of the policy.

**8. EXAMINATION UNDER OATH:**

The Insured shall submit and, so far as is within their power, shall cause all other persons to submit, to examination under oath by any persons named by the Company relative to any and all matters in connection with a claim and shall produce for examination all books of account, bills, invoices, and other vouchers or certified copies thereof if originals are lost, at such reasonable time and place as may be designated by the Company or its representatives and shall permit extracts and copies thereof to be made.

**9. IN CASE OF LOSS:**

**A. Notice of Loss:**

The Insured will, as soon as practicable, report in writing to the Company every loss **OCCURRENCE\*** which may give rise to a claim under this policy.

**B. Proof of Loss:**

The Insured will, as soon as practicable, file with the Company a signed and sworn detailed proof of loss stating to the best knowledge and belief of the Insured the time and cause of loss or damage and the interest of the Insured and others in the property so affected..

**C. Payment of Loss:**

All adjusted claims, including partial payments thereon, will be due and payable no later than **(60) sixty** days after presentation and acceptance of proof of loss or partial proof of loss, as the case may be, by this Company or its appointed representative.

**10. PARTIAL LOSS:**

The Company hereby grants permission to repair any partial damage to the property insured which can be conveniently and advantageously undertaken by the Insured. The Company will reimburse the Insured who has suffered the loss for the actual cost of such repairs, subject always to the applicable deductible and limits of liability stated in the Declarations. Nothing in this clause shall be deemed to have waived the requirement that notice of loss be given forthwith to the Company as provided in the policy.

**11. SUBROGATION:**

If the Company pays a claim under this policy, it will be subrogated, to the extent of such payment, to all the Insured's rights of recovery from other persons, organizations and entities. The Insured will execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The Company will have no rights of subrogation against:

- A. Any person or entity, which is a Named Insured or an Additional Insured;
- B. Any other person or entity, which the Insured has waived its rights of subrogation against in writing before the time of loss;

Notwithstanding the foregoing, it is a condition of this policy that the Company shall be subrogated to all the Insured's rights of recovery against:

- A. any Architect or Engineer, whether named as an Insured or not, for any loss or damage arising out of the performance of professional services in their capacity as such and caused by an error, omission, deficiency or act of the Architect or Engineer, by any person employed by them or by any others for whose acts they are legally liable, and
- B. any manufacturer or supplier of machinery, equipment or other property, whether named as an Insured or not, for the cost of making good any loss or damage which said party has agreed to make good under a guarantee or warranty, whether expressed or implied.

The Insured will act in concert with the Company and all other interest concerned in the exercise of such rights of recovery. The Insured will do nothing after a loss to prejudice such rights of subrogation.

If any amount is recovered as a result of such proceedings, the net amount recovered after deducting the costs of recovery, will accrue first to the Company. Any excess of this amount will be remitted to the Insured. If there is no recovery, the interests instituting the proceedings will bear the expense of the proceedings proportionately.

**12. CONTRIBUTING INSURANCE:**

Permission is granted for other policies written upon the same terms, exclusions, limitations and conditions as those contained herein. This policy will contribute to the total of each loss otherwise payable herein to the extent of the participation of this policy in the total limit of liability as provided by all policies written upon the same terms, exclusions, limitations and conditions as those contained in this policy.

**13. EXCESS INSURANCE:**

Permission is granted the Insured to have excess insurance over the limit of liability set forth in this policy without prejudice to this policy, nor will the existence of such insurance, if any, reduce any liability under this policy.

**14. OTHER INSURANCE:**

Except as stated in CONTRIBUTING INSURANCE and EXCESS INSURANCE above, if there is other collectible insurance, this policy will cover as excess insurance and will not contribute with such other insurance.

**15. UNDERLYING INSURANCE:**

Permission is given for the Insured to purchase insurance on all or any part of the deductible(s) or perils of this policy. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this policy.

**16. RECOVERY OR SALVAGE:**

Any recovery or salvage excluding proceeds from subrogation and other insurance recovered or received after a loss settlement under this policy or any recovery from suretyship, insurance, reinsurance, security or indemnity taken by or for the benefit of the Company will apply as if recovered or received prior to the loss settlement and the loss will be readjusted accordingly.

**17. REINSTATEMENT:**

With the exception of loss caused by perils which are subject to annual aggregate limits, any loss hereunder will not reduce the amount of this policy.

**18. BANKRUPTCY OR INSOLVENCY:**

Bankruptcy or insolvency of the Insured shall not relieve the Company of any of its obligations under this policy.

**19. BRANDS & TRADEMARKS:**

In case of loss or damage by an insured peril to insured property bearing a brand, trademark or label, the Company may take all or any part of the property at any agreed or appraised value. If so, the Insured may, at their own expense:

- A. Stamp salvage on the property or its container, if the stamp will not physically damage the property; or
- B. Remove the brand, trademark or label, if doing so will not physically damage the property. The Insured must re-label the property or its container to comply with the law.

**20. ENTRY, CONTROL, ABANDONMENT:**

After loss or damage to insured property, the Company shall have an immediate right of access and entry by accredited agents sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage and, after the Insured has secured the property, a further right of access and entry sufficient to enable them to make an appraisal or estimate of the loss or damage, but the Company shall not be entitled to the control or possession of the property, and without the consent of the Company there can be no abandonment of the property insured.

**21. PAIR & SET:**

- A. In the event of loss of or damage to any insured article or articles which are part of a pair or set, the measure of loss of or damage to such article or articles will be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event will such loss or damage be construed to mean total loss of the pair or set; or
- B. In the event of loss or damage to any part of property insured consisting, when complete for use, of several parts, the Company will only be liable for the value of the part lost or damaged.

**22. APPRAISAL:**

If the Insured and the Company fail to agree as to the value of the property or the amount of loss, either may make written demand for an appraisal. In this event, each party will choose a competent and impartial appraiser within **twenty (20)** days after receiving a written request from the other. The appraisers will then select an umpire. If they can not agree upon an umpire within **fifteen (15)** days, either may request the

selection by a judge of a court having jurisdiction. The appraisers will then appraise the loss, stating separately the value of the property and the amount of loss to each item, and failing to agree, will submit their differences to the umpire. A decision in writing, so itemized, of any two will be binding. Each party will pay its chosen appraiser and bear the other expense of the appraisal and umpire equally. The Company shall not be held to have waived any of its rights by any act relating to appraisal.

**23. ASSIGNMENT:**

Except in the event of an authorized assignment under the Bankruptcy Act or a change of title by succession, operation of law or death, the Named Insured agrees not to transfer any legal rights or interests in the policy without the Company's written consent.

**24. BENEFIT TO BAILEE:**

This policy will not inure, directly or indirectly, to the benefit of any carrier or bailee.

**25. SERVICE OF SUIT CLAUSE:**

Service of Suit: In the event of failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes, or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service or process in such suit may be made upon Counsel, Legal Department, Lexington Insurance Company, 100 Summer Street, Boston, Massachusetts, 02109, or his or her representative, and that, in any suit instituted against the Company upon this policy, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

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

No suit, action or proceeding against the Company or this policy for the recovery of any claim will be sustainable in any court of law or equity unless the Insured will have fully complied with all the requirements of this policy. The Company agrees that any action or proceeding against it for recovery of any loss under this policy will not be barred if commenced within **(12) twelve** months after the **OCCURRENCE\*** become known to the Insured unless a longer period of time is provided by applicable statute.

**26. VALUATION:**

At the time and place of loss, the basis of adjustment of a claim, unless otherwise endorsed herein, shall be as follows:

**A. Property Under Construction – Replacement Cost including contractor's reasonable overhead and profit .**

The term Replacement Cost as used in this Master Policy shall be the amount actually and necessarily expended by or on behalf of the Insured to repair, rebuild or replace, within a reasonable time, at the same or on another site, all property insured (including buildings and structures in the course of construction and all materials, supplies, machinery and equipment therein or therefor installed or intended to be installed as a permanent part of any building or structure or other real property or as an improvement or betterment to any building or structure), which, as a result of physical loss or damage, has been damaged or destroyed, all subject to the following conditions:

- (a) Notwithstanding any other provision of this Master Policy the Insured may, at its sole option, elect to make claim under this Master Policy for the actual cash value of any property insured under this

Master Policy. Unless otherwise notified by the Insured, the presumption is that all claims will be settled on a replacement cost basis.

- (b) Insurer's liability for loss on a replacement cost basis shall not exceed the smallest of the following amounts:
- (i) The amount of insurance of this Policy applicable to the damaged or destroyed property.
  - (ii) The replacement cost of the property or any part thereof incidental to such property on the same premises and intended for the same occupancy and use or of like kind, quality and capacity as the damaged property;
  - (iii) The amount actually and necessarily expended in repairing or replacing said property or any part thereof on the same site.

Any and all indirect charges of the Insured named in Article 1.(A) of this Master Policy shall not exceed 15% of the total amount of any loss incurred hereunder. The provisions of this Article do not increase any amounts or limits of insurance provided by this Master Policy and shall in no event serve to reduce the amount of insurance otherwise provided by this Master Policy.

- B. Property Of Others** (Including Items Supplied By the Owner) - At owner's cost or other actual cash value, whichever is greater, including the contractor's charges.
- C. Temporary Works** - Cost to repair or replace the property lost or damaged with material of like kind, quality and condition but in the event not replaced recovery will not exceed Actual Cash Value.
- D. Plans, Blueprints, Drawings, Renderings, Specifications or Other Contract Documents and Models** - At the cost to reproduce the property with other property of like kind and quality including the cost of gathering or assembling information from back up data if replaced, or if not replaced, at the value of blank material;
- E. Trees, Shrubs, Plantings and Landscaping** - At cost to replace with property of like kind, quality and size plus the proper proportion of labor expended if such damage occurs after installation.
- F. Transit**- Invoice and shipping cost less carrier's liability;

**27. CANCELLATION:**

- A.** This policy may be canceled by the Named Insured by mailing to the Company written notice stating when thereafter such cancellation shall be effective. This policy may be canceled by the Company by mailing to the Named Insured, at the address shown in this policy or last known address, written notice stating when, not less than **ninety (90)** days thereafter such cancellation shall be effective, except in the event of the Named Insured's non-payment of any premium due, said notice shall be **ten (10)** days. The mailing of notice as aforementioned shall be sufficient proof of notice and the effective date of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Named Insured or by the Company shall be equivalent to mailing.
- B.** In the event of cancellation, premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation becomes effective. The Company's check or the check of its representative mailed or delivered as aforesaid shall be a sufficient tender of any refund of premium due to the Insured.
- C.** If the Named Insured cancels, earned premium will be computed in accordance with Article 10 of the Declarations plus **ten percent (10%)** short rate penalty. If the Company cancels, earned premium will be computed in accordance with Article 10 of the Declarations. Any premium so computed shall always be subject to any minimum premium set forth in Article 10 of the Declarations.

**28. STATUTES:**

If any Article(s) herein stated conflict with the laws or statutes of any jurisdiction within which this policy applies, such Article(s) are hereby amended to conform to said laws or statutes.

**29. TITLES OF PARAGRAPHS:**

The several titles of the various paragraphs of this form and endorsements attached to this policy are inserted for reference and shall not be deemed in any way to affect the provisions to which they relate.

**30. CONFLICT OF WORDING:**

The conditions contained in this manuscript form shall supersede those of the printed conditions to which this form is attached, wherever the same may conflict. Where there is a conflict between the manuscript form and the printed conditions of this policy, the conditions of the specific section shall prevail.

**Lexington Insurance Company**  
**General Purpose Endorsement**

Attached to and Forming a Part of Policy No.:	037068897	Page:	1 of 1
Named Insured:	The School District of Palm Beach County, FL		
Policy Effective Date:	04/01/2011	Endorsement No:	1
Endorsement Effective Date:	04/01/2011	Date of Issue:	04/01/2011

**CLAIMS PREPARATION COSTS EXTENSION OF COVERAGE**

This Policy is extended to cover reasonable and necessary claim preparation costs incurred by the Named Insured at the request of the Company for the purpose of determining the extent or amount of insured loss or damage as a result of a covered cause of loss under this policy prior to finalization of claim adjustment, subject to the following conditions:

- (1) The Named Insured will seek the approval of the Company prior to entering into any agreement with a vendor or incurring any claim preparation costs;
- (2) The Company's liability for claim preparation costs for all claims arising out of any one **OCCURRENCE\*** shall not exceed **\$25,000**. This amount is part of and not in addition to the Policy Limit of Liability.
- (3) The Company shall have no liability for claim preparation costs unless and until a claim for physical loss or damage to insured property as a result of a covered cause of loss has been submitted to and accepted by the Company.
- (4) Any claim preparation costs incurred shall be subject to the deductible applicable to the cause of loss that necessitates such costs. In the event that the amount of physical loss or damage to insured property as a result of a covered cause of loss is less than the applicable deductible stated in the Policy, the Company shall not accept a claim for nor be liable for claim preparation costs as covered herein.
- (5) Claim preparation costs means:
  - (a) The cost of taking inventory, the cost of acquiring independent appraisals and the cost of gathering and preparing other data to substantiate the extent or amount of loss or damage; and
  - (b) The cost of services provided by accountants, contractors and engineers solely for the purpose of determining the extent or amount of loss;
- (6) Claim preparation costs do not include:
  - (a) Legal and paralegal fees, charges or expenses;
  - (b) Fees and costs of a public claim adjuster, claim consultant, insurance broker / agent or any person acting for or on behalf of a public claim adjuster, claim consultant or insurance broker / agent;
  - (c) Costs associated with the negotiation or presentation of any claim or part of a claim that the Company has advised the Named Insured is disputed or denied;
  - (d) Costs associated with any examination under oath or appraisal process;
  - (e) Costs associated with establishing that any claim or part of a claims is covered by the Policy;
  - (f) Costs which represent overhead or operating expense of a Named Insured or Additional Insured.

All other terms and conditions of the Policy to which this Endorsement is attached remain unchanged and apply equally hereto.

# LEXINGTON INSURANCE COMPANY

## General Purpose Endorsement

Attached to and Forming a Part of Policy No.:	037068897	Page:	1 of 1
Named Insured:	The School District of Palm Beach County, FL		
Policy Effective Date:	04/01/2011	Endorsement No:	2
Endorsement Effective Date:	04/01/2011	Date of Issue:	04/01/2011

### CLEAN-UP AND DECONTAMINATION EXTENSION OF COVERAGE

SECTION B – COVERAGE AND EXCLUSIONS, EXTENSIONS OF COVERAGE G – DEBRIS REMOVAL appearing within the Policy is amended to read as follows:

#### 7. DEBRIS REMOVAL:

Subject to the sublimit stated in item 6.B.(9) of the Declarations, in the event of direct physical loss or damage insured against and occurring during the term of this Policy, the Company will pay the following necessary and reasonable costs:

- A. the costs to remove debris being an insured part of the property from the location of the **INSURED PROJECT\***;
- B. the costs of cleanup at the location of the **INSURED PROJECT\*** made necessary as a result of such direct physical loss or damage;
- C. the costs to:
  - 1) extract **CONTAMINANTS OR POLLUTANTS\*** from land, water or debris;
  - 2) remove, restore, or replace contaminated or polluted land or water;
  - 3) remove or transport property or debris to a site for storage or decontamination required because the property or debris is affected by **CONTAMINANTS OR POLLUTANTS\***,

but only when required by law, ordinance or regulation in effect at the time of loss and then limited to a maximum amount payable by the Company of **\$ 50,000** during the term of this Policy. This amount is part of and not in addition to the Debris Removal Sublimit of Liability.

It is a condition precedent to recovery under this extension that the Company shall have paid, or agreed to pay, for direct physical loss or damage to the property insured, unless such payment is precluded solely by the operation of any deductible, and that the Insured shall give written notice to the Company of intent to claim for cost of debris removal or cost to cleanup not later than **(12) twelve** months after the date of such physical loss or damage.

All other terms and conditions of the Policy to which this Endorsement is attached remain unchanged and apply equally hereto.

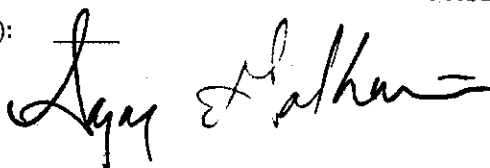
AMOUNT DUE FOR THIS ENDORSEMENT: \$ \_\_\_\_\_  ADDITIONAL  RETURN

PRODUCER: \_\_\_\_\_

PRODUCER CODE: \_\_\_\_\_

ACCEPTED BY (Company Representative): \_\_\_\_\_

TITLE: \_\_\_\_\_



# LEXINGTON INSURANCE COMPANY

## General Purpose Endorsement

Attached to and Forming a Part of Policy No.:	037068897	Page:	1 of 1
Named Insured:	The School District of Palm Beach County, FL		
Policy Effective Date:	04/01/2011	Endorsement No:	3
Endorsement Effective Date:	04/01/2012	Date of Issue:	04/01/2011

### ORDINANCE OR LAW DEMOLITION AND INCREASED COST OF CONSTRUCTION

In the event of insured loss or damage under this policy that causes the enforcement of any law or ordinance in effect at the time of loss that regulates the repair, rebuilding or re-construction of the damaged portions of the **INSURED PROJECT\***, then to the extent required by such enforcement of any law or ordinance, the Company shall be liable for:

- A. Cost of demolishing undamaged parts of the **INSURED PROJECT\*** as required, including cost of clearing the site.
- B. Increased cost of repair, rebuilding or re-construction of the damaged and undamaged portions of the **INSURED PROJECT\*** on the same premises for the same use but not exceeding like height, floor area, style, material and limited to the minimum requirements of the law or ordinance.
- C. If applicable under an individual Certificate, the increase in the Delay In Completion coverage loss arising out of the additional time required to comply with the requirements of said law or ordinance. Such additional time will not exceed **thirty (30)** consecutive days.

With respect to coverage provided by Paragraph B., the Company shall not be liable for any loss, unless and until the damaged or destroyed building(s) or structure(s) is actually rebuilt or replaced on the same premises with due diligence and dispatch and in no event, unless repair or replacement is completed within **two (2)** years after the destruction or damage or within such further time as the Company may allow in writing during the **two (2)** years.

The following costs are not payable hereunder:

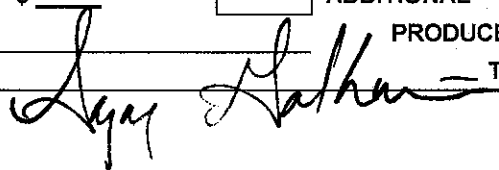
- A. Cost of demolition or increased cost of repair or reconstruction, debris removal, or other consequential loss caused by the enforcement of any law or ordinance regulating asbestos material or **CONTAMINANTS OR POLLUTANTS\***;
- B. Cost of any governmental direction or request declaring that asbestos material present in, part of or utilized on any undamaged portion of insured property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.
- C. Cost of compliance with the enforcement of any law or ordinance which an Insured would have otherwise incurred by nature of such law or ordinance in the absence of any loss or damage covered by this policy.
- D. When Damage To Existing Property coverage is afforded in this policy, the cost of compliance with any law or ordinance as respects the repair, rebuilding or re-construction of such property.

The Company's liability for additional expenses as covered hereunder shall not exceed **\$5,000,000** in any one **OCCURRENCE\***. This amount is a Sublimit of Liability and is part of and not in addition to the Policy Limit of Liability.

All other terms and conditions of the Policy to which this Endorsement is attached remain unchanged and apply equally hereto.

AMOUNT DUE FOR THIS ENDORSEMENT: \$ \_\_\_\_\_ ADDITIONAL \_\_\_\_\_ RETURN \_\_\_\_\_

PRODUCER: \_\_\_\_\_ PRODUCER CODE: \_\_\_\_\_

ACCEPTED BY (Company Representative):  TITLE: \_\_\_\_\_

# LEXINGTON INSURANCE COMPANY

## General Purpose Endorsement

Attached to and Forming a Part of Policy No.:	037068897	Page:	1 of 2
Named Insured:	The School District of Palm Beach County, FL		
Policy Effective Date:	04/01/2011	Endorsement No.:	4
Endorsement Effective Date:	04/01/2012	Date of Issue:	04/01/2011

### DAMAGE TO EXISTING PROPERTY ENDORSEMENT – ALL RISK

This Policy is extended to cover direct physical loss of or damage to existing buildings, plant and / or other structures at the location of the **INSURED PROJECT\*** but only when the **INSURED PROJECT\*** is contained within or attached to such existing buildings, plant and / or other structures subject to the following terms and conditions:

A. The following additional exclusions shall apply hereunder:

- (1) Personal Property;
- (2) Any property located outside of existing buildings, plant and / or other structures;
- (3) Underground utilities of any kind;
- (4) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (5) Electrical injury or disturbance caused by electrical currents;

Exclusions (4) and (5) apply unless direct physical loss or damage by an insured peril ensues and then this policy insures only such ensuing loss or damage.

- (6) Business Interruption, extra expense or other consequential loss;
- (7) Explosion, rupture or bursting of steam boilers, steam pipes, steam turbines or steam engines owned, leased or operated under the control. Direct physical loss or damage caused by or resulting from explosion of gases or fuel within the furnace or any fired vessel or within the flues or passages through which the gases or combustion pass is covered.
- (8) Interruption of incoming electricity, fuel, water, gas, steam, refrigerant or other services except as specifically covered in this Policy. If a peril insured against ensues, this policy insures only such ensuing loss or damage.
- (9) Loss or damage arising solely as a consequence of loss, damage or any structural, mechanical, electrical or material condition which existed prior to the effective date of this Endorsement.
- (10) The perils of **EARTHQUAKE\*** or **WINDSTORM\*** when the purpose of the **INSURED PROJECT\*** is to repair prior **EARTHQUAKE\*** or **WINDSTORM\*** damage to or to structurally retrofit the existing building(s) to meet current **EARTHQUAKE\*** or **WINDSTORM\*** building codes.

B. The following basis of valuation shall apply at the time and place of loss:

- (1) If actually replaced - the cost to repair or replace the property lost or damaged with materials of like kind and quality at the time and place of loss. In the event that repair or replacement with materials of like kind and quality can not be effected due to obsolescence or non-availability of such materials or the means and methods of fabricating, manufacturing or installing such materials, repair or replacement shall be effected with materials, means and / or methods that are functionally equivalent to the lost or damaged property. In the application of the foregoing, betterment is excluded.



**LEXINGTON INSURANCE COMPANY**  
**Standard Property Conditions**

This endorsement effective 04/01/2011 forms a part of Policy Number 037068897  
issued to THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FL

by

LEXINGTON INSURANCE COMPANY (hereinafter called "the Company").

In consideration of the premium charged, the following clauses are hereby made applicable under this policy.

**MINIMUM EARNED PREMIUM CLAUSE**

In the event of cancellation of this policy by the Insured, a minimum premium of \$122,500 shall become earned, any provision of the policy to the contrary notwithstanding.

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

**POLICY DEDUCTIBLE**

Each claim for loss or damage separately occurring shall be adjusted separately and from each such adjusted claim, the amount of \$25,000 shall be deducted. Notwithstanding the foregoing, the deductible amount applying to certain peril(s) insured against by this policy shall be as follows:

**	deductible applying to	** See policy form for deductibles
	deductible applying to	
	deductible applying to	
	deductible applying to	
	deductible applying to	

In the event of any other insurance covering the property insured hereunder, whether or not concurrent, the deductible(s) specified herein shall apply in full against that portion of any claim for loss or damage which the Company is called upon to pay under the provisions of the Apportionment Clause irrespective of any provisions to the contrary of such other insurance.

**CANCELLATION CLAUSE**

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

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

**SERVICE OF SUIT CLAUSE**

Service of Suit: In the event of failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service or process in such suit may be made upon Counsel, Legal Department, Company stated on Declarations, 100 Summer Street, Boston, Massachusetts, 02110-2103, or his or her representative, and that in any suit instituted against the Company upon this policy, the Company will abide by the final decision

of such court or of any appellate court in the event of an appeal.

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

#### **WAR RISK EXCLUSION CLAUSE**

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

#### **NUCLEAR EXCLUSION CLAUSE**

The Company shall not be liable for loss by nuclear reaction or nuclear radiation or radioactive contamination all whether controlled or not, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy. If the peril of fire is insured under this policy, then, subject to the foregoing and all provisions of this policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy.

#### **SALVAGE AND RECOVERY CLAUSE**

All salvages, recoveries and payments recovered or received either prior or subsequent to a loss settlement under this policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto, including deduction of the Company's cost of recovery or salvage.

#### **REPORTING CLAUSE**

Notwithstanding that the Insured may be obligated to report full values for premium purposes, the Company's maximum limit of liability shall not exceed that amount stated as the policy limit of liability.

#### **PROOF OF LOSS AND PAYMENT**

The Insured shall complete and sign a sworn proof of loss within ninety (90) days after the occurrence of a loss (unless such period be extended by the written agreement of the Company) stating the time, place and cause of loss, the interest of the Insured and of all others in the property, the sound value thereof and the amount of loss or damage thereto, and all other insurance thereon. All adjusted claims shall be due and payable thirty (30) days after the presentation and acceptance of satisfactory proof(s) of loss at the office of the Company at 100 Summer Street, Boston, Massachusetts 02110-2103.

#### **GOVERNMENT ACTIVITY CLAUSE**

The Company shall not be liable for loss or damage caused by or resulting from: (1) the seizure or destruction of property insured by this policy by any government body, including any customs or quarantine action, or (2) confiscation or destruction of any property by order of any government or public authority, except an order to destroy property to prevent the spread of fire or explosion.

IN WITNESS WHEREOF, the Company has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned in the Declarations by one of its duly authorized representatives.

  
Secretary

  
President

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

**1. Property Not Covered**

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

**2. Pollution and Contamination Exclusion.**

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

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

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

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

**3. Asbestos, Dioxin or Polychlorinated Biphenols Exclusions**

This policy does not cover -

- a) Asbestos, dioxin or polychlorinated biphenols (hereinafter all referred to as "Materials") removal from any good, product or structure unless the asbestos is itself damaged by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, leakage or accidental discharge from automatic fire protective system.
- b) Demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating such Materials;
- c) Any governmental direction or request declaring that such Materials present in or part of or utilized on any undamaged portion of the insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

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

**4. Debris Removal Exclusion**

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

The Company will not pay the expense to:

- a) Extract contaminants or pollutants from the debris; or
- b) Extract contaminants or pollutants from land or water; or

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

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

**5. Authorities Exclusion**

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

**ENDORSEMENT**

This endorsement, effective 12:01 AM 04/01/2011

Forms a part of policy no.: 037068897

Issued to: THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FL

By: LEXINGTON INSURANCE COMPANY

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**MOLD / FUNGUS EXCLUSION**


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

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

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

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

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



Authorized Representative OR  
Countersignature (In states where applicable)

**ENDORSEMENT**

This endorsement, effective 12:01 AM 04/01/2011

Forms a part of policy no.: 037068897

Issued to: THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FL

By: LEXINGTON INSURANCE COMPANY

**PROPERTY MILLENNIUM ENDORSEMENT**

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

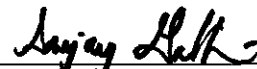
- A. The Insurer will not pay for Damage or Consequential Loss directly or indirectly caused by, consisting of, or arising from, the failure of any computer, data processing equipment, media microchip, operating systems, microprocessors (computer chip), integrated circuit or similar device, or any computer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

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

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

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

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



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AUTHORIZED REPRESENTATIVE

OR Countersignature (In states where applicable)

**ENDORSEMENT**

This endorsement, effective 12:01 AM 04/01/2011

Forms a part of policy no.: 037068897

Issued to: THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FL

By: LEXINGTON INSURANCE COMPANY

**COVERAGE TERRITORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

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



Authorized Representative OR  
Countersignature (In states where applicable)

**ENDORSEMENT**

This endorsement, effective 12:01 AM 04/01/2011

Forms a part of policy no.: 037068897

Issued to: THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FL

By: LEXINGTON INSURANCE COMPANY

**PROPERTY ENDORSEMENT**

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

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

1. Any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility,
2. Any corruption, destruction, distortion, erasure or other loss or damage to data, software, or any kind of programming or instruction set,
3. Loss of use or functionality whether partial or entire of data, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing liability or failure of the Insured to conduct business.

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

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

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



Authorized Representative OR  
Countersignature (In states where applicable)

## ENDORSEMENT

This endorsement, effective 12:01 AM 04/01/2011

Forms a part of policy no.: 037068897

Issued to: THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FL

By: LEXINGTON INSURANCE COMPANY

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

### **TERRORISM EXCLUSION - CERTIFIED AND NON-CERTIFIED ACTS**

This insurance does not apply to loss, injury, damage, claim or suit, arising directly or indirectly as a result of an "act of terrorism", which is defined in the Terrorism Risk Insurance Act of 2002, as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 (collectively, "TRIA") as follows:


- (1) ACT OF TERRORISM. -
  - (A) CERTIFICATION. - The term "act of terrorism" means any 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 -
    - (i) to be an act of terrorism;
    - (ii) to be a violent act or an act that is dangerous to -
      - (I) human life;
      - (II) property; or
      - (III) infrastructure;
    - (iii) to have resulted in damage within the United States, or outside of the United States in the case of -
      - (I) an air carrier or vessel [described in TRIA]; or
      - (II) the premises of a United States mission; and
    - (iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
  - (B) LIMITATION. - No act shall be certified by the Secretary as an act of terrorism if -
    - (i) the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers' compensation; or
    - (ii) property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.
  - (C) DETERMINATIONS FINAL. - Any certification of, or determination not to certify, an act as an act of terrorism under this paragraph shall be final, and shall not be subject to judicial review.
  - (D) NONDELEGATION. - The Secretary may not delegate or designate to any other officer, employee, or person, any determination under this paragraph of whether, during the effective period of the Program, an act of terrorism has occurred.

This insurance also does not apply to loss, injury, damage, claim or suit, arising directly or indirectly as a result of a "non-certified act of terrorism", which means any act that is not an "act of terrorism", as defined above, that

- (1) involves the use of force or violence against person or property;
- (2) is dangerous to human life or property; or
- (3) interferes with or disrupts an electronic or communication system; and
- (4) is undertaken by any group or person, whether or not acting on behalf of or in any connection with any organization, government, power, authority or military force, when the effect is to intimidate, coerce or harm:

- (A) a government;
- (B) the civilian population of a country, state or community; or
- (C) to disrupt the economy of a country, state or community.

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



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Authorized Representative or  
Countersignature (in States Where  
Applicable)