

FIRE INSURANCE POLICY DECLARATIONSIssued by **DB INSURANCE CO., LTD.****Policy Number:** 621339-894307 (KMF5603-A09)**Policy Period:** From: 11/01/2019 to 11/01/2020 at 12:00 Noon Standard Time**Named Insured:** GUAM POWER AUTHORITY and/or its Subsidiary, Affiliated and/or Associated Agencies
As now or hereafter constituted**Address:** P.O. Box 2977
Hagatna, Guam 96932**Premises:** Per attached SCHEDULE**Deductibles:** Per attached SCHEDULE**Your Covered Property:** Per attached SCHEDULE

<u>Perils Insured Against</u>	<u>Agreed Value</u>	<u>Sum Insured</u>	<u>Co-insurance</u>	<u>Rate</u>	<u>Annual Premium</u>
All risk of Direct Physical Loss or Damage as per attached SCHEDULE	Per attached SCHEDULE				\$5,252,333.54
Total Policy Annual Premium					\$5,252,333.54

Endorsements applicable to this Policy: Reinsurance Agreement - B1353DP1801090000, Coverage Sharing Clause, Policy Schedule, Endorsement No. 1, Endorsement No.2 (Electronic Date Recognition Exclusion (EDRE)), Endorsement No. 3 (U.S.A. & Canada Additional Limitations and Conditions Endorsement), Endorsement No.4 (Property and Plant Testing and Commissioning), Endorsement No.5, (U.S. Terrorism Risk Insurance Act of 2002 as amended Not Purchased Clause), Endorsement No. 6 (Electronic Data Endorsement A – Amended), Endorsement No. 7 (Application of Sublimits Endorsement), Endorsement No. 8 (Biological or Chemical Materials Exclusion), Endorsement No.9 (Term), Endorsement No. 10, Endorsement No. 11, Endorsement No. 12, Terrorism Insurance PD Wording (LMA3092)

IN CONSIDERATION OF THE PROVISIONS AND STIPULATIONS HEREIN OR ADDED HERETO AND OF THE PREMIUM ABOVE SPECIFIED, this Company, for the term of years specified above from inception date shown above at Noon (Standard Time) to Expiration Date shown above at Noon (Standard Time) at location of property involved, to an amount not exceeding the amount(s) above specified, does insure the Insured named above and legal representatives, to the extent of the Actual Cash Value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event or manufacture, nor in any event for more than the interest of the insured, against all **DIRECT LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT HEREINAFTER PROVIDED**, to the property described herein while located or contained as described in this policy, pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere, assignment of this policy shall not be valid except with the written consent of this company, this policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

DB INSURANCE CO., LTD.Date Issued: **11/27/2019**
CLT 40961/COVC47/AGT1/UND 52

By: _____


 Authorized Representative
 Moylan's Insurance Underwriters, Inc.
 General Agent

This endorsement changes the policy. Please read it carefully.

COVERAGE SHARING CLAUSE

It is hereby understood and agreed that this policy is hereby written jointly by the following two carriers, each of whom is responsible for the following proportionate share of all costs and risks associated with this policy:

NAME OF CARRIER	PROPORTIONATE SHARE
DB Insurance Co., Ltd.	90%
AIOI Nissay Dowa Insurance Co., Ltd.	10%

Costs and losses, if any, under this policy shall be payable to each carrier in proportion to its respective share of this policy as stated above.

Date Signed: <u>12/17/2019</u>		By: <u>K. S. Chl</u> Authorized Representative	
Date Signed: <u>12/16/19</u>		By: <u>[Signature]</u> Authorized Representative	

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

This endorsement is effective 11/01/2019

Attached to and forming part of Policy No. 621339 – 894307 (KMF5603-A09) of DB INSURANCE CO., LTD.

Date Issued: 11/27/2019

By: [Signature]
Moylan's Insurance Underwriters, Inc.
General Agent

POLICY SCHEDULE

POLICY NUMBER: 621339 – 894307 (KMF5603-A09)

**REINSURANCE AGREEMENT
POLICY NUMBER:** B1353DP11801090000

NAME OF INSURED: **GUAM POWER AUTHORITY** and/or its Subsidiary,
Affiliated and/or Associated Agencies as now or
hereafter constituted

Additional Named Insured:

Government of the United States of America, in
respect of various facilities on Guam owned by the
United States of America and leased to the Guam
Power Authority and Bank of Guam.

ADDRESS OF INSURED: P.O. Box 2977,
Hagatna 96932-2977
Guam

POLICY PERIOD: From the 1st of November 2019 to the 1st of
November 2020 both days at 00:01 hours Local
Standard Time at the location of the Property
Insured.

**PROPERTY AND
INTERESTS INSURED:** Real and Personal Property including, but not
limited to Buildings, Furniture, Fixtures and
Equipment, , Law and Ordinance Coverage for all
Property, Contents, Plant, Fuel Oil Tanks and
Pipelines, Fuel Stocks including Fuel Stocks whilst
in fuel Tanks and Pipelines irrespective of whether
above or below ground and above ground
Transmission and Distribution Lines for generating
premises and within 1000 feet thereof,
Underground Transmission and Distribution Lines,
Machinery and Boilers of every kind, nature and
description (including Improvements and Betterments)
owned, leased, acquired, used or intended for
use by the Insured, or hereafter Erected,
Installed or Acquired including whilst in the Incidental
Course of Construction, Erection, Installation
and Assembly and Real and Personal Property of
Others in the Insured's Care, Custody or Control and
including Property in the Care, Custody or Control of
Third Parties and the Insured's liability imposed by law
or assumed by contract (by an officer of the or

assumed by contract (by an officer of the Insured), for such Property and/or at the option of the Insured, Personal Property of the Insured's Officials and Employees while on the Premises of the Insured and Contractors' and/or Vendors' interests in property covered to the extent of the Insured's liability imposed by law or assumed by contract, (by an officer of the Insured) and/or Property in Transit and/or Storage including Raw Materials, Expediting Expenses, Valuable Papers and records, Bullion, Manuscripts, Drawings, Blueprints, and/or Specifications, Leasehold Interests, Accounts Receivable, Electronic Data Processing Equipment, Computer Equipment, Computer Data and Media, Petroleum Products which are liquid form at normal atmospheric pressures and temperatures while such products are in underground storage, and foundations, piers or other supports of brick, stone or concrete, and shafts, tunnels, and dams, and all structural parts and all appurtenant structures and equipment at the side of underground power houses, and cables, wires and underground conduit and underground Transmission and Distribution lines including Business Interruption and Extra Expense

**SITUATION/
TERRITORIAL LIMITS:**

Various locations in Guam and whilst in inland transit as more fully set forth in the information seen and agreed by Insurers.

SUM INSURED:

USD 200,000,000 each and every occurrence Property Damage / Business Interruption / Extra Expense combined subject to sub-limits stated herein, and;

Excess of

RETENTION(S):

PROPERTY DAMAGE

- i) USD 2,500,000 each and every occurrence in respect of all perils except those specified in iii) below for 100% for locations with a declared estimated Replacement Cost value equal to or greater than USD 10,000,000;
- ii) USD 1,000,000 each and every occurrence in respect of all perils except those specified in iii) below for 100% for locations with a declared estimated Replacement Cost value less than USD 10,000,000 and all Transformers and Sub Stations;

- iii) USD 10,000,000 each and every occurrence in respect of Earthquake Shock, Flood, Typhoon and Tsunami for 100%
- iv) USD 50,000 each and every occurrence in respect of Offices and Office Contents

BUSINESS INTERRUPTION AND EXTRA EXPENSE

Business Interruption: 60 days each and every occurrence

Extra Expense: 60 days each and every occurrence

Service Interruption: 72 hours each and every occurrence

In the event of two or more retentions applying to a single loss under this Policy, only the highest single retention shall apply for Property Damage and Time Element separately.

SUB-LIMITS:

It is understood and agreed that, excess of the retentions declared, the following sub-limits are to apply, over all layers combined and to any one occurrence unless otherwise stated, but in no event do the sub-limits increase the Sum Insured stated above.

BUSINESS INTERRUPTION

USD 5,000,000 each and every occurrence

EXTRA EXPENSE

USD 15,000,000 each and every occurrence

EARTHQUAKE SHOCK, FLOOD, WINDSTORM, CYCLONE, TYPHOON AND TSUNAMI

USD 100,000,000 each and every occurrence

DEBRIS REMOVAL IN ACCORDANCE WITH THE ADDITIONAL LIMITATIONS AND CONDITIONS ENDORSEMENT NMA2415

USD 10,000,000 or 10% of loss whichever the greater

SEEPAGE AND POLLUTION IN ACCORDANCE WITH THE ADDITIONAL LIMITATIONS AND CONDITIONS ENDORSEMENT NMA2415

USD 5,000,000

INGRESS / EGRESS

30 days and limited to loss occurring within five (5) Statute Miles of the Insured's premises.

MILITARY / CIVIL AUTHORITIES CLAUSE

30 days and limited to loss occurring within five (5) Statute Miles of the Insured's premises.

PROTECTION AND PRESERVATION OF PROPERTY

USD 2,000,000 each and every occurrence

PROPERTY IN THE INCIDENTAL COURSE OF CONSTRUCTION

Full contract value not exceeding USD 25,000,000

AUTOMATIC ACQUISITION

USD 50,000,000 each and every acquisition

ACCOUNTS RECEIVABLE

USD 1,000,000 each and every occurrence

OFF PREMISES SERVICES

USD 5,000,000 each and every occurrence

PROFESSIONAL FEES

USD 1,000,000 each and every occurrence

FIRE FIGHTING EXPENSES

USD 1,000,000 each and every occurrence

TEMPORARY REMOVAL

USD 5,000,000 each and every occurrence

PRODUCT SPILLS

USD 1,000,000 each and every occurrence

REPAIR INVESTIGATION COSTS

USD 1,000,000 each and every occurrence

HAZARDOUS SUBSTANCES (Boiler and Machinery Breakdown)

USD 1,000,000 each and every occurrence

AMMONIA CONTAMINATION (Boiler and Machinery Breakdown)

USD 1,000,000 each and every occurrence

LIQUIDS DAMAGE (Boiler and Machinery Breakdown)

USD 1,000,000 each and every occurrence

EXPEDITING EXPENSES

USD 5,000,000 each and every occurrence and in the aggregate for the Policy Period

DEMOLITION AND INCREASED COST OF CONSTRUCTION

Declared values plus 10% per item each and every occurrence

NOTIFICATION OF CLAIMS: AM Insurance, P.O. Box 2797, Hagatna, Guam 96932

LAW, PRACTICE AND JURISDICTION:

This insurance shall be governed and construed in accordance with the law and practice of the Territory of Guam.

Jurisdiction: The United States of America (including Guam Courts) in accordance with the provisions of the SERVICE OF SUIT CLAUSE (U.S.A.), NMA1998 with service of process to be made upon **THE ENTITY STATED IN THE SLIP** through the Insured's agent, AM Insurance, J & G Commercial Building 113F, P.O. Box 2797, Agana, Guam 96932

RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE

INSURING CLAUSE

Subject to the terms, conditions and exclusions hereinafter contained, this Policy insures the property described in the Policy Schedule (hereinafter referred to as the "Schedule") against risks of direct physical loss or damage occurring during the period of this Policy as stated in the Schedule attaching to and forming part hereof.

PERILS EXCLUDED

This Policy does not insure against:-

- 1) Loss or damage caused by or resulting from moth, vermin, termites, or other insects, inherent vice, latent defect, wear, tear or gradual deterioration, contamination, rust, wet or dry rot, mould, dampness of atmosphere, smog or extremes of temperature; or loss or damage by normal settling, shrinkage or expansion in building or foundation, unless a peril not otherwise excluded by this Policy ensues, and then only for direct physical loss or damage caused by such ensuing peril;
- 2) Loss of use, delay or loss of markets;
- 3) Infidelity, or any dishonesty on the part of the Insured or any of his employees or others to whom the property may be delivered or entrusted, inventory shortage or unexplained disappearance;
- 4) Loss or damage to electrical appliances, devices, fixtures or wiring caused by artificially generated electrical current, when said electrical appliances, devices, fixtures or wiring are undergoing insulation breakdown tests or impulse tests or an internal drying out process, unless such tests or processes are advised to and agreed by Insurers.

This exclusion shall not apply in respect of the electronic Data processing Equipment Breakdown Clause forming part of this Policy;

- 5) Loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination, however such nuclear reaction, nuclear radiation or radioactive contamination may have been caused;
- 6) loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;
 - 1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
 - 2) any act of terrorism.
For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s),

committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

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

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

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

(NMA2918 amended)

- 7) any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

mold, mildew, fungus, spores or other micro-organism of any type, nature, or description.

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

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

LMA5018 (Amended)

Applicable to Personal Property only

- 8) Loss or damage to personal property caused by processing, renovating, repairing or faulty workmanship thereon, unless a peril otherwise covered by this Policy ensues, and then only for direct loss or damage caused by such ensuing peril;
- 9) Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight, leakage, breakage of glass or other fragile articles, marring, scratching, exposure to light, or change in colour, texture or flavour, unless a peril otherwise covered by this Policy ensues, and then only for direct loss or damage caused by such ensuing peril

10) Loss or damage caused by:

- a) theft
- b) exposure to weather conditions

where any personal Property Insured is left in the open and not contained in buildings on permanent foundations, but this exclusion does not apply to property normally kept in the open.

SUM INSURED

The insurers hereon shall not be liable for more than the Sum Insured stated in the Schedule in respect of each loss or series of losses arising out of any one occurrence.

It is further understood and agreed that any loss hereunder shall not reduce the amount of this Policy except in respect of those losses that are subject to annual aggregate limitations.

RETENTION(S)

The total amount of loss or damage resulting from each occurrence shall be adjusted by the Insurers separately and the Insurers shall then be liable for amounts of loss or damage in excess of the applicable amount stated in the Schedule.

PROPERTY EXCLUDED

This Policy does not insure:-

- 1) a) Aircraft, watercraft, vehicles licensed for highway use, jewellery, precious stones, furs or garments trimmed with fur, standing timber, growing crops and animals,
- b) Currency, notes and money (except for the limited insurance provided by item 3 - Electronic and Data Processing Equipment and Media - forming part of Additional Coverages of this Policy

unless any such property is specifically included in the Property Insured stated in the Schedule;

- 2) Property sold by or under encumbrance to the Insured after it leaves the custody of the Insured or any employee of the Insured;
- 3) Neon signs and automatic or mechanical electric signs, plate glass or any lettering or ornamentation thereon, unless such loss is caused directly by fire or the combating thereof, unless any such property is specifically included in the Property Insured stated in the Schedule;
- 4) Overground power Transmission and Distribution Lines beyond 1000 feet of the perimeter of the Insured's generating premises;
- 5) Land or Land Values;
- 6) Property of every kind and description to the extent that it is buried below ground, except: (1) petroleum products which are liquid form at normal atmospheric pressures and temperatures while such products are in underground storage, (2) foundations, piers or other supports of brick, stone or

concrete (3) shafts, tunnels and dams, (4) all structural parts and all appurtenant structures and equipment at the side of underground power houses and cables, wires and underground conduit therefore and (5) Underground Transmission and Distribution Lines for completed sections only.

- 7) Property whilst in the course of ocean marine transit, but this exclusion does not apply to transit on inland waterways or inter-coastal waterways.
- 8) Shipments by mail after delivery into the custody of the Post Office Department;
- 9) Samples whilst in the care, custody or control of salesmen.

CONDITIONS

1) VALUATION

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

(a) **Replacement Cost**

On buildings, machinery, equipment, furniture, fixtures and improvements and betterments at the replacement cost new or the cost of repair, whichever less

It is understood and agreed that as respects replacement cost new, the Insured shall have the option of replacing with equipment having technological advantages and/or representing an improvement in function and/or forming part of a program of system enhancement provided that such replacement can be accomplished without increasing the Insurers' liability.

The Insured may elect not to rebuild, repair or replace the Property Insured lost or damaged. Loss settlement may be elected on the lesser of repair or replacement cost value basis if the proceeds of such loss settlement are expended on other capital expenditures related to the Insured's operations within two years from the date of loss. This option does not extend to include the Demolition and Increased Cost of Construction cover afforded elsewhere in this Policy.

If Property Insured is not repaired or replaced and the Insured the capital expenditure option above is not invoked, then the basis of adjustment shall be actual cash value.

Definition: Replacement Cost shall mean:

The cost of repairing, replacing or reinstating (whichever is the least) with material of like kind and quality without deduction for depreciation, subject to the following provisions:-

- 1) the repair, replacement or reinstatement (all hereinafter referred to as "Replacement") may be carried out upon another site and in any manner suitable to the requirements of the Insured, subject to the liability of the Insurers not being thereby increased, but must be commenced and carried out with reasonable despatch;

- 2) Until replacement has been effected the amount of liability under this Policy in respect of loss shall be limited to the actual cash value at the time of loss.

For the purposes of premium computation, the Replacement Cost shall be used.

(b) Applicable to Records:-

- i) On books of account, drawings, card index systems and other records other than as described and ii) below, the cost of blank books, blank pages or other materials, plus the cost of labour for actually transcribing or copying said records.
- ii) On media, data storage devices, and program devices for electronic and electro-mechanical data processing or for electronically controlled equipment, the full cost of reproducing such media, data storage devices and program devices excluding cost of research.

(c) Sold property at the actual net invoice price of the Insured.

2) NOTIFICATION OF CLAIMS

The Insured upon knowledge of any occurrence likely to give rise to a claim hereunder shall give, as soon as is practicable, written advice thereof to the Insurers through the party named for such purpose in the Schedule.

3) 72 HOUR CLAUSE IN RESPECT OF WINDSTORM, CYCLONE OR TYPHOON

Each loss by windstorm, cyclone or typhoon shall constitute a single claim hereunder; provided, if more than one windstorm, cyclone or typhoon shall occur within any period of seventy-two (72) hours during the period of this Policy, such windstorm, cyclone or typhoon shall be deemed to be a single windstorm, cyclone or typhoon within the meaning thereof. The Insured may elect the moment from which each of the aforesaid periods of seventy-two (72) hours shall be deemed to have commenced but no two such seventy-two (72) hours periods shall overlap. The Insurers shall not be liable for any loss occurring before the effective date and time of the Policy. The Insurers will be liable for any losses occurring for a period of up to seventy-two (72) hours after the expiration of this Policy provided that the first windstorm, cyclone or typhoon loss or damage within that seventy-two (72) hours occurs prior to the date and time of expiration of this Policy.

4) 72 HOUR CLAUSE IN RESPECT OF FLOOD, EARTHQUAKE SHOCK AND TSUMANI

The following conditions are included hereunder:

- a) Each loss by earthquake shock or flood or tsunami shall constitute a single loss hereunder.
 - 1) If more than one earthquake shock occurs within any period of seventy-two (72) hours during the period of this Policy, the beginning of which 72-hour period may be determined by the Insured; or
 - 2) If any flood occurs within a period of the continued rising or overflow of any river(s) or stream(s) and the subsidence of same within the banks of such river(s) or stream(s) within any period of seventy-two (72) hours during the period of this Policy; or
 - 3) If any flood results from any tidal wave or series of tidal waves caused by any one disturbance within any period of seventy-two (72) hours during the period of this Policy; or
 - 4) If more than one tsunami occurs within any period of seventy-two (72) hours during the period of this Policy, the beginning of which 72-hour period may be determined by the Insured;

such earthquake shocks or flood or tsunami shall be deemed to be a single occurrence within the meaning of this Policy.

- b) Should any time period referred to in "a)" above extend beyond the expiration date of this Policy and commence prior to expiration, the Insurers shall pay all such earthquake shock or flood or tsunami losses occurring during such period as if such period fell entirely within the term of this Policy.
- c) The Insurers shall not be liable, however, for any loss caused by any earthquake shock or flood or tsunami occurring before the effective date and time or commencing after the expiration date and time of this Policy.

5) PROVISIONS APPLICABLE ONLY TO RIOT, RIOT ATTENDING A STRIKE AND CIVIL COMMOTION

Loss by riot, riot attending a strike or civil commotion shall include direct loss by acts of striking employees of the owner or tenants of insured buildings while occupied by said striking employees and shall also include direct loss from pillage and looting, occurring during and at the immediate place of a riot, riot attending a strike or civil commotion.

6) PERMITS CLAUSE

Permission is specifically granted for change in use or occupancy without notice for increased hazards whether or not by means within the control or knowledge of Guam Power Authority and for any Property Insured hereunder to be vacant and/or unoccupied all without limit of time, however as soon as the Insured becomes aware of such change in use the Insurers must be notified.

7) PROOF OF LOSS

The Insured shall render a signed and sworn proof of loss within sixty (60) days of notification of loss being declared to Insurers (unless such period be extended by the written agreement of the Insurers) 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.

8) NOMINATION OF ADJUSTER

It is expressly understood and agreed that on each and every claim reported under this Policy **that a party or parties to be mutually agreed between the Insured and Insurers** shall be the adjuster assigned in the adjustment of every claim. Their address is:

9) SUBROGATION

If the Insurers become liable for any payment under this Policy in respect of loss or damage the Insurers shall be subrogated, to the extent of such payment, to all the rights and remedies of the Insured against any party in respect of such loss or damage and shall be entitled at their own expense to sue in the name of the Insured. The Insured shall give to the Insurers all such assistance in his power as the Insurers may require to secure their rights and remedies and, at the Insurers' request shall execute all documents necessary to enable the Insurers effectively to bring suit in the name of the Insured including the execution and delivery of the customary form of loan receipt.

10) WAIVER OF SUBROGATION

It is understood and agreed that this Insurance shall not be invalidated should the Insured (after notifying the Insurers in respect of machinery and Boilers) waive in writing, prior to loss affected thereby, any or all right of recovery against any party for loss or damage occurring to the property described herein. The Insurers expressly waive subrogation against any subsidiary, parent, associated, or affiliated company of the Insured including any tenant and/or landlord of the Insured.

11) CANCELLATION

This Policy may be cancelled by the Insured at any time by written notice or by surrender of this Policy. This Policy may also be cancelled by or on behalf of the Insurers by delivering to the Insured or by mailing to the Insured, by registered, certified or other first class mail, to the following address: Comptroller, Guam Power Authority, P.O. Box 2977, Agana, Guam 96910, written notice stating when, not less than 90 days thereafter, the cancellation shall be effective, and If this Insurance shall be cancelled by the Insured, the

Insurers shall retain the pro rata proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Insurers shall receive the earned premium hereon or the pro rata proportion of any minimum premium stipulated herein whichever is the greater.

If this Insurance shall be cancelled by or on behalf of the Insurers, the Insurers shall retain the pro rata proportion of the premium hereon, except that if this insurance is on an adjustable basis the Insurers shall receive the earned premium hereon, or the pro rata proportion of any minimum premium stipulated herein, whichever is the greater.

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

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

Notwithstanding the above It is hereby understood and agreed that Insurers will provide notice by delivering to American Capital Access and Wells Fargo or by mailing to them, by registered, certified or other first class mail, written notice stating when, not less than 30 days thereafter, any amendment to the terms of this insurance which is detrimental to their interest shall take effect.

12) MILITARY/CIVIL AUTHORITY

Subject to the Sum Insured stated in the Schedule, property which is insured under this Policy is also insured against the risk of damage or destruction by civil or military authority during a conflagration or other catastrophe and for the purpose of retarding the same provided that neither such conflagration or other catastrophe nor such damage or destruction is caused or contributed to by war, invasion, revolution, rebellion, insurrection or other hostilities or warlike operations.

13) ABANDONMENT

There shall be no abandonment to the Insurers of any property without the written consent of the Insurers.

14) ASSIGNMENT

Assignment or transfer of this Policy shall not be valid except with the written consent of the Insurers.

15) CERTIFICATES OF INSURANCE

Permission is granted to the Insured's Agent AM Insurance P.O. Box 2797 Hagatna, Guam 96932., on behalf of the Insured, to issue Certificates of Insurance to Additional Named Insureds, Loss Payees, Mortgagees or others with an insurable interest, evidencing coverage afforded by this Policy.

Provided always that should Notice of Cancellation be issued by the Insured or by Insurers then AM Insurance solely shall be responsible for notifying all

Additional Named Insureds, Loss Payees or Mortgagees or others, to whom Certificates of Insurance have been issued, in accordance with the provisions of the Cancellation Clause contained in the Policy.

16) CONTRIBUTING INSURANCE CLAUSE

Permission is granted for other insurance written upon the same plan, terms, conditions and provisions as those contained in the form attached to this Policy; this insurance shall contribute, in accordance with the conditions of this Policy, against any peril insured by this Policy or its Endorsements only with other insurance as defined below.

17) OTHER INSURANCE

Except with respect to insurance described in the Contributing Insurance Clause or Excess Insurance Clause, this Policy shall not insure to the extent of any other insurance whether prior to or subsequent hereto in date, and by whomsoever effected, directly or indirectly Insuring the same property against the same perils and the Insurers shall be liable for loss or damage only for the excess value beyond the amount due from such other insurance.

18) EXCESS INSURANCE

Permission is granted to the Insured to have excess insurance over the limit set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy.

19) INSPECTION AND AUDIT

The Insurers shall be permitted but not obligated to inspect the Insured's property at any time. Neither the Insurers' right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property is safe.

The Insurers may examine and audit the Insured's books and records at any time during the Policy period and extensions thereof and within three years after the final termination of this Policy, as far as they relate to the subject matter of this Insurance.

20) SALVAGE AND RECOVERIES

All salvages, recoveries and payments recovered or received 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.

21) EXAMINATION UNDER OATH CLAUSE

In the event of a loss, the Insured, as often as may be reasonably required, shall exhibit to any person designated by the Insurers all that remains of any property herein described, and submit to examinations under oath by any person named by the Insurers, and subscribe the same; and, as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost,

at such reasonable time and place as may be designated by the Insurers or their representative, and shall permit extracts and copies thereof to be made.

22) EXPEDITING EXPENSE

This Policy insures the reasonable extra cost of temporary repair and of expediting the permanent repair of damaged Property Insured hereunder, including overtime and express freight or other rapid means of transportation.

23) INADVERTENT ERROR IN DESCRIPTION

Any unintentional error or omission made by the Insured on the description or location of Property Insured or any failure through unintentional error to include any location owned or occupied at inception shall not void or impair coverage provided by this Policy. It is a condition of this coverage that any error or omission shall be reported and corrected when discovered.

24) ADDITIONAL NAMED INSURED LOSS PAYEES AND MORTGAGE INTEREST

All third parties having a direct interest in Property Insured hereunder, as on file with AM Insurance, of Hagatna, Guam,, shall automatically be Additional Named Insureds hereunder, subject to advice to the Insurers.

All other third parties including, but not limited to, Loss Payees and Mortgagees who have an interest in the Property Insured hereunder, as on file with AM Insurance, of Hagatna, Guam,, shall be automatically named as Loss Payees, and loss if any under this Policy shall be adjusted with the Insured and payable to the Insured and the Loss Payees as their interests may appear, subject to advice to the Insurers.

25) AUTOMATIC ACQUISITION

It is understood and agreed that this Policy is automatically extended to insure additional locations and interests, which may be acquired or otherwise become at the risk of the Insured during the period of this Policy, within the territorial limits stated herein, subject to details of said property and/or interest being provided to the Insurers for their consideration not later than 60 (sixty) days from the date the said additional property and/or interest have become at the risk of the Insured, this Policy providing coverage automatically for such period of time.

26) FALSE OR FRAUDULENT CLAIMS

If the Insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void, and all claim hereunder shall be forfeited.

27) PROTECTION AND PRESERVATION OF PROPERTY

In case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Insured in taking reasonable and necessary actions for the temporary protection and preservation of Property Insured hereunder, including Typhoon preparation costs, shall be added to the total physical loss or damage otherwise recoverable under the Policy and be subject to the applicable Retention and without increase in the limit provisions contained in this Policy.

28) BILLS OF LADING

The insured may accept without prejudice to this Insurance the ordinary bills of lading or receipts issued by carriers including those containing released and/or partially released value provisions, but the Insured shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.

29) PROFESSIONAL FEES

This Policy is extended to cover the reasonable fees or charges payable to auditors or other professionals (including the utilisation of external claims consultants) for producing and certifying any particulars or details in the Insured's books of account or other books or documents or such other proofs, information or evidence as may be required by the Insurers in order to arrive at the loss payable under this Policy.

30) SANCTION LIMITATION AND EXCLUSION CLAUSE

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

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31) ASBESTOS ENDORSEMENT

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

fire; explosion; lightning; windstorm; hail; direct impact of vehicle, aircraft or vessel; riot or civil commotion, vandalism or malicious mischief; or accidental discharge of fire protective equipment.

This coverage is subject to each of the following specific limitations:

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

B. Except as set forth in the foregoing Section A, this Policy does not insure asbestos or any sum relating thereto. (LMA5019 amended)

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

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States.

It is further agreed that service of process in such suit may be made upon **THE ENTITY STATED IN THE SLIP** and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

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

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

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ADDITIONAL COVERAGES

This Policy is extended to insure:-

1) INCIDENTAL COURSE OF CONSTRUCTION

property in the course of construction, installation, repair, renovation and the like shall be subject to the following.

Coverage shall apply to property of a type not excluded by this Policy at existing locations or new locations and include projects where the work is carried out on behalf of the Insured. Incidental shall be understood to mean projects where the estimated total contract value does not exceed the sub-limit stated for this coverage in the Policy Schedule. No cover shall apply for projects with an estimated total contract value in excess of this amount.

Coverage shall also include acid boil-out, mechanical, aerostatic, hydrostatic and pneumatic testing procedures and shall also include all types of performance or partial testing of units consisting principally of, but not limited to, gas pipelines, compressor stations, and turbine generator and boiler units.

The interest of contractors and/or sub-contractors is hereby assumed for projects being performed on behalf of the Insured including temporary structures, tools, equipment and materials incidental to such projects.

2) VALUABLE PAPERS AND RECORDS

written, printed or otherwise inscribed documents, securities, and records including but not limited to books, maps, films, drawings, abstracts, evidence of debt, deeds, mortgages, mortgage files, manuscripts, blueprints, specifications and micro or electronically/magnetically inscribed documents, but not including the monetary value of monies and/or securities.

3) ELECTRONIC AND DATA PROCESSING EQUIPMENT AND MEDIA

- (1) All electronic and/or electronic data processing equipment, including equipment and component parts thereof owned, leased, rented or under the control of the Insured, including all active data processing media, and
- (2) Office property, including valuable papers (other than provided for in item 2 above), money or stamps, including the Insured's legal liability for similar property of others.

Coverage hereunder in respect of Electronic and Data Processing Equipment does not insure:

- (A) Loss or damage caused by error in machine programming or instructions to machine;
- (B) Loss or damage caused by or arising out of infidelity by an employee of the Insured. A wilful act of malicious intent shall be deemed not to be an act of infidelity.

The term "active data processing media", wherever used in this extension, shall mean all forms of converted data and/or instruction vehicles employed in the Insured's data processing operations.

4) **DEMOLITION AND INCREASED COST OF CONSTRUCTION**

If at the time of any direct physical loss or damage insured against by this Policy there is in force any law or ordinance regulating the construction, repair, replacement or use of the Property Insured, then this Policy is extended to Insure: -

- 1) The additional loss sustained in demolishing any undamaged portion of the Property Insured.
- 2) The cost incurred in actually rebuilding both the damaged and demolished portions of such Property Insured with materials and in a manner to fully satisfy the minimum requirements of such law or ordinance.

The Insurers shall not be liable for any cost of demolition necessitated by any law or ordinance regulating any form of pollution or contamination.

The total liability under this Policy shall not exceed the actual expenditure incurred in demolishing the undamaged portion of the Property Insured involved plus the lesser of the following:-

- 3) The actual expenditure incurred, not including the cost of land, in rebuilding on another site, or
- 4) The cost of rebuilding on the same site.

Payment made hereunder is part of and not in addition to the Sum Insured specified elsewhere herein.

5) **ELECTRONIC DATA PROCESSING EQUIPMENT BREAKDOWN**

against physical loss of or damage to electronic and electromechanical data processing equipment including components, connections, extensions and systems which is caused by:

- 1) mechanical or Machinery Breakdown; or
- 2) electrical injury or disturbance caused by currents artificially generated.

Notwithstanding the foregoing, it is understood and agreed that the Electronic Date Recognition Exclusion (EDRE) NMA2802 attached to this Policy has precedence over the coverage provided by this Clause.

6) **ACCOUNTS RECEIVABLE**

- 1) a) All sums due to the Insured from customers provided the Insured is unable to effect collection thereof as the direct result of loss of or damage to records of accounts receivable by the perils insured against under this Policy during the period of this Policy;
- b) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage;
- c) Collection expense in excess of normal collection cost and made necessary because of such loss or damage;
- d) Other expenses, when reasonably incurred by the Insured in re-establishing records of accounts receivable following such loss or damage.

2) **REMOVAL**

Such insurance as is afforded by this clause applies while the records of accounts receivable are being removed to and while at a place of safety because of imminent danger of loss or damage and while being returned from such place.

3) **EXCLUSIONS**

This clause does not apply: -

- a) To loss due to bookkeeping, accounting or billing errors or omissions;
- b) To loss, the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support of claim for loss which the Insured can prove through evidence wholly apart therefrom is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder;
- c) To loss due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property but only to the extent of such wrongful giving, taking, obtaining or withholding.

4) **INSPECTION AND AUDIT**

The insurers shall be permitted to inspect the premises and the receptacles in which the records of receivable are kept by the Insured, and to examine and audit the Insured's books and records at any time during the Policy period and any extension thereof and within three years after the final termination of this Policy, as far as they relate to the premium basis or the subject, matter of this Insurance, and to verify the statements of any outstanding records of accounts receivable submitted by the Insured and the amount of recoveries of accounts receivable on which the Insurers have made any settlement.

5) RECOVERIES

After payment of loss all amounts recovered by the Insured on accounts receivable for which the Insured has been indemnified shall belong and be paid to the Insurers by the Insured up to the total amount of loss paid by the Insurers but all recoveries in excess of such amounts shall belong to the Insured.

6) DETERMINATION OF RECEIVABLES:- DEDUCTION

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

- a) Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
- b) Calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve months immediately preceding the month in which the loss occurs, as compared with such average for the same months of the preceding year;
- c) The amount determined under a) above, increased or decreased by the percentage calculated under b) above, shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;
- d) The amount determined under c) above shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month.

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

7) **BOILER AND MACHINERY BREAKDOWN**

Boiler and Machinery Breakdown coverage in accordance with the following Conditions:-

1) PERILS INSURED

This Clause insures against loss from an accident to an object designated and described in this Clause.

2) DEFINITION OF ACCIDENT

"ACCIDENT" shall mean a sudden and unforeseen accidental breakdown of the OBJECT, or a part thereof, which manifests itself at the time of its occurrence by physical damage to the OBJECT that necessitates repair or replacement of the OBJECT or part thereof-, but ACCIDENT shall not mean:-

- a) depletion, deterioration, corrosion, or erosion of materials, unless an ACCIDENT ensues therefrom;
- b) wear and tear unless an ACCIDENT ensues therefrom;
- c) leakage at any valve, fitting, shaft seal, gland packing, joint or connection unless an ACCIDENT ensues therefrom;
- d) the breakdown of any vacuum tube, gas tube or brush unless an ACCIDENT ensues therefrom;
- e) except as provided by the Electronic Data Processing Equipment Breakdown clause forming part of these Additional Coverages, the breakdown of any electronic computer or electronic data processing equipment unless an ACCIDENT ensues therefrom;
- f) the breakdown of any structure or foundation supporting the OBJECT or any part thereof unless an ACCIDENT ensues therefrom;
- g) an explosion of gas or unconsumed fuel within the furnace of any OBJECT or within the passages from the furnace of the said OBJECT to the atmosphere; nor
- h) the functioning of any safety device or protective device, unless an ACCIDENT ensues therefrom

3) DEFINITION OF OBJECT

Except as otherwise specifically designated herein, "OBJECT" as described below shall mean any equipment or apparatus which is owned by, leased by or operated under the control of the Insured subject to the Exclusions and Special Provisions specified herein:-

- A) Any boiler, any fired vessel, any unfired vessel subject to vacuum or internal pressure other than static pressure of contents, any refrigerating system, or any piping and its accessory equipment, and including any boiler or pressure vessel mounted on mobile equipment, but OBJECT shall not include:-
 - a) any boiler setting, any insulating or refractory material;
 - b) any sewer piping, any underground gas piping, any piping forming a part of a sprinkler system or any water piping other than:-
 - i) feed water piping between any boiler and its feed pumps or injectors,
 - ii) boiler condensate return piping.

B) Any mechanical or electrical machine or electrical apparatus used for the generation, transmission or utilization of mechanical or electrical power, but OBJECT shall not include:

- a) any structure or foundation other than a bedplate of a machine;
- b) any vehicle, elevator, crane, hoist, power shovel, or drag line, but not excluding any electrical equipment used with said machine or apparatus;
- c) any refractory material;
- d) any penstock or draft tube.

4) ELECTRICAL APPARATUS ASSUMPTION CLAUSE

Subject to the terms, conditions and exclusions contained in this Policy, the Insurers shall be liable for direct loss or damage resulting from ELECTRICAL INJURY OR DISTURBANCE to electrical equipment or devices caused by electrical currents artificially generated in electrical equipment or devices Insured under this Policy.

The words "ELECTRICAL INJURY OR DISTURBANCE" as used in the foregoing shall mean a sudden and accidental electrical breakdown of such equipment or devices (including but not limited to, electrical arcing therein) caused by artificially generated electricity. This definition shall not include such electrical injury to said electrical equipment or device while undergoing insulation breakdown tests or impulse tests or an internal electrical drying out process

5) SPECIAL PROVISIONS IN RESPECT OF THIS CLAUSE

- 1) As respects any boiler, fired or unfired vessel, refrigerating system or piping, the Insurer shall not be liable under this Clause for loss from an ACCIDENT while said OBJECT is undergoing a hydrostatic, pneumatic or gas pressure test.
- 2) As respects any boiler or fired vessel, the Insurer shall not be liable under this Clause for loss from an explosion of gas or unconsumed fuel within the furnace of such OBJECT or within the passages from the furnace to the atmosphere, whether or not such explosion a) is contributed to or aggravated by an ACCIDENT to any part of said OBJECT that contains steam or water, or b) is caused in whole or in part, directly or indirectly, by any ACCIDENT to any OBJECT, or part thereof, nor shall The Insurer be liable for any loss from an ACCIDENT caused directly or indirectly by such explosion.
- 3) As respects any unfired vessel which is used for the storage of gas or liquid and which is periodically filled, moved, emptied and refilled in the course of its normal service, such vessel shall be considered as "connected ready for use" within the terms of this Clause.
- 4) As respects any electrical machine or electrical apparatus, Exclusion 6b. of this Clause is changed to read:-
 - "b) from fire outside said electrical machine or electrical apparatus concomitant with or following an ACCIDENT or from the use of water or other means to extinguish fire."

- 5) As respects any gas turbine of the internal combustion type, a) the combustor of such OBJECT shall not be considered to be a "furnace" as the word is used in the Definition of ACCIDENT or in Special Provision 2 above and b) the Definition of ACCIDENT shall not mean the cracking of any part of the Turbine exposed to the production of combustion.
- 6) As respects new turbine generator units, coverage shall not apply until the unit has been contractually accepted by the Insured, that all tests required by the contractor have been performed and satisfied and the unit has been placed in commercial operation, except that coverage shall apply while turbine generator units are undergoing "Hot Testing".

6) EXCLUSIONS IN RESPECT OF THIS CLAUSE

This Clause does not apply to loss:-

- a) from fire concomitant with or following an ACCIDENT or from the use of water or other means to extinguish fire;
- b) from an ACCIDENT caused directly or indirectly by fire or from the use of water or other means to extinguish fire;
- c) from a combustion explosion outside the OBJECT concomitant with or following an ACCIDENT;
- d) from an ACCIDENT caused directly or indirectly by a combustion explosion outside the OBJECT;
- e) from flood;
- f) from earthquake;
- g) from delay or interruption of business or manufacturing or processing;
- h) from lack of power, light, heat, steam or refrigeration; and
- i) from any other indirect result of an ACCIDENT.

7) CONDITIONS IN RESPECT OF THIS CLAUSE

A) INSPECTION

The Insurer shall be permitted but not obligated to inspect the Insured's property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

B) **SUSPENSION**

Upon the discovery of a dangerous condition with respect to any OBJECT, any representative of The Insurer may immediately suspend the insurance, with respect to an ACCIDENT to said OBJECT, by written notice mailed or delivered to the Insured at the address of the Insured stated in the Policy Schedule, or at the location of the OBJECT, as stated for it in a schedule or endorsement. The insurance so suspended may be reinstated by the Insurer but only by an endorsement issued to form a part of this Policy. The Insured shall be allowed the unearned portion of the premium paid for such suspended insurance, pro rata for the period of suspension.

8) **EXTENSIONS IN RESPECT OF THIS CLAUSE**

A) **HAZARDOUS SUBSTANCES**

In the event of an ACCIDENT which involves any contaminating substance or pollutant declared by a governmental agency to be hazardous to health or the environment, the insurance provided under this Clause, shall apply to the increased cost incurred for the clean-up, repair or replacement, collection, containment, transportation, storage, treatment and disposal of all affected Property Insured.

B) **AMMONIA CONTAMINATION**

Where ammonia is used as a refrigerant, Insurers hereon shall be liable under this Clause, for loss or damage caused by ammonia contacting property of the Insured or property of others in the care, custody or control of the Insured, as a direct result of an ACCIDENT to any refrigerating or air conditioning vessels and piping described in the definition of OBJECT.

C) **LIQUIDS DAMAGE**

Salvage expense is hereby covered hereunder on property which has been damaged by liquids resulting from an ACCIDENT to any hot water heating piping or any refrigerating or air conditioning pressure vessel and/or by liquids resulting from an ACCIDENT to any OBJECT.

8) **FIRE FIGHTING EXPENSES**

Reasonable expenses charged by fire or police departments as a result of a loss as insured hereunder and/or expenses incurred to refill or recharge firefighting equipment or fire-fighting installations following their use in fire-fighting and/or fire containment incurred by the Insured.

9) **TEMPORARY REMOVAL**

Any item of the Property Insured whilst removed from its usual location to another location within the Territorial Limits (and including whilst in transit to or from such location) for the purpose of (1) repair or examination or maintenance, or (2) protection from imminent loss or damage, or (3) assisting the Insured in minimising loss or damage.

10) **PRODUCT SPILLS**

Product spills whether or not accompanied by machinery breakdown, plus product conditioning, disposal, removal, clean-up and treatment expenses. The Insurer's liability shall not exceed the amount specified in the Declarations, such amount being part of and not in addition to the limit of liability

11) **REPAIR INVESTIGATION COSTS**

Costs (including consulting engineers' fees) incurred with the consent of the Insurers in conducting investigations and/or tests into possible repair (whether or not successful) or replacement following direct physical loss or damage of a type insured against by this Policy

BUSINESS INTERRUPTION EXTENSION

This Insurance is extended, subject to the following additional terms, clauses, conditions and definitions, to insure necessary interruption of business caused by direct physical loss or damage to Property Insured, occurring during the period of Insurance.

In the event of such physical loss or damage the Insurers hereon shall be liable for the actual loss of earnings sustained by the Insured resulting directly from such interruption of business, but not exceeding the reduction in GROSS EARNINGS, as more fully deemed herein, less charges and expenses which do not necessarily continue during the interruption of business, for only such length of time, never to exceed 12 calendar months, as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the Property Insured as has been physically lost or physically damaged commencing with the date of such physical loss or damage and not limited by the date of expiration of this Insurance hereafter referred to as the Period of Restoration.

Due consideration shall be given to the continuation of NORMAL charges and expenses including salaried payroll expenses, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the physical loss or damage.

DEFINITIONS IN RESPECT OF THIS EXTENSION

- 1) "GROSS EARNINGS" wherever used herein shall be understood and deemed to mean the sum of: -
 - a) total net sales and
 - b) other earnings derived from the operations of the business; less the cost of :-
 - i) MERCHANDISE sold including packaging materials therefor;
 - ii) materials and supplies consumed directly in supplying the service(s) sold by the Insured;
 - iii) service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract

No other costs shall be deducted in determining GROSS EARNINGS, but due consideration shall be given to the NORMAL experience of the business before the date of physical loss or damage and the probable experience thereafter had the physical loss or damage not occurred.

- 2) "MERCHANDISE" wherever used herein shall be understood and deemed to mean goods kept for sale by the Insured which are not the product of manufacturing operations conducted by the Insured.
- 3) "NORMAL" wherever used herein shall be understood and deemed to mean the condition that would have existed had no physical loss or damage occurred.

CONDITIONS IN RESPECT OF THIS EXTENSION

1) PHYSICAL LOSS OR DAMAGE:-

No claim under this Extension shall be valid or payable unless and until there has been physical loss or damage to Property Insured giving rise to business interruption and the Insurers have paid and/or agreed to pay for such physical loss or damage under the Insurance to which this Extension is attached, unless however, no such payment has been made solely owing to the operation of a Retention in the Insurance to which this Extension is attached that precludes payment for physical loss or damage below a specified amount.

2) RESUMPTION OF OPERATIONS:-

If the Insured can reduce the actual loss of earnings resulting from the interruption of business either by complete or partial resumption of operations by the Insured, whether or not all the Property Insured was physically lost or physically damaged, or by making use of MERCHANDISE or other property at the Insured's premises or elsewhere, then such reduction shall be taken into account in arriving at the actual loss of earnings hereunder.

3) EXPENSES REDUCING THE ACTUAL LOSS OF EARNINGS:-

This Extension also insures such expenses as are necessarily incurred by the Insured whilst trying to reduce actual loss of earnings under this Extension (except expenses incurred to extinguish a fire). In no circumstances shall the expenses so insured exceed the amount by which the actual loss of earnings under this Extension is thereby reduced, and such expenses shall not be subject to the application of any contribution clause.

4) SPECIAL EXCLUSIONS:-

- A) Insurers shall not be liable for any consequential, indirect or remote loss of earnings, nor for any increase in the actual loss of earnings due to either the interference at the described premises by strikers or other persons with regard to rebuilding, repairing or replacing the property or with the re-occupancy of the premises, or the suspension, lapse or cancellation of any lease, license, contract or order.
- B) Insurers shall not be liable for any consequential, indirect or remote loss of earnings, nor for any increase in the actual loss of earnings due to loss or damage arising from delay in start-up of Property in the Incidental Course of Construction as provided for under the Additional Coverages of this Policy

EXTRA EXPENSE EXTENSION

- 1) This Policy is extended to Insure necessary EXTRA EXPENSE incurred by the Insured in order to continue as nearly as practicable the NORMAL conduct of the Insured's business following direct physical loss or damage to Property Insured, or of property rented to or used by the Insured (other than Property Excluded), by perils insured. The Insurers shall be liable for the EXTRA EXPENSE so incurred for not exceeding such length of time, commencing with the date of the loss and not limited by the date of expiration of this Policy, as shall be required with the exercise of due diligence and dispatch to repair, rebuild or replace such property.

- 2) The term "EXTRA EXPENSE" wherever used in this Extension is defined as the excess (if any) of the total cost during the period of restoration chargeable to the conduct of the Insured's business, over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss occurred, the cost in each case to include expense of using other property or facilities of other concerns or other necessary emergency expenses. In no event, however, shall the Insurers also be liable under this EXTRA EXPENSE Extension for loss of income, nor for the cost of repairing or replacing any property that has been lost or damaged, except cost in excess of the usual cost of such repairs or replacements necessarily incurred for the purpose of reducing the total amount of EXTRA EXPENSE; liability for such excess cost, however, shall not exceed the amount by which the total EXTRA EXPENSE otherwise payable under this Extension is reduced.

The Insurers shall also be liable for EXTRA EXPENSE incurred in obtaining property for temporary use during the period of restoration necessarily required for the conduct of the Insured's business; any salvage of such property remaining after resumption of normal operations shall be taken into consideration in the adjustment of any loss hereunder.

- 3) SPECIAL EXCLUSION IN RESPECT OF EXTRA EXPENSE:

The Insurers shall not be liable for EXTRA EXPENSE occasioned by the suspension, lapse or cancellation of any license, lease or any written or oral agreement, nor for the cost of compiling books of record or other documents.

- 4) The word "NORMAL" however modified, wherever used in this Extension shall be construed to mean the condition that would have existed had no loss occurred.

- 5) As soon as practicable after any loss, the Insured shall resume complete or partial business operations of the property described in Paragraph 1) of this Extension and, in so far as practicable, reduce or dispense with such Extra Expenses as are being incurred.

ADDITIONAL TIME ELEMENT COVERAGES

1) INTERRUPTION BY CIVIL OR MILITARY AUTHORITY

This Policy is extended to insure the loss of GROSS EARNINGS and EXTRA EXPENSE incurred during the period of time not exceeding thirty (30) days when access to Property Insured by this Policy is prohibited by the order of civil or military authority as a direct result of a peril insured by this Policy, to property located within 5 statute miles of the perimeter of the Insured's premises

2) INGRESS / EGRESS

This Policy is extended to insure the loss of GROSS EARNINGS and EXTRA EXPENSE incurred during the period of time not exceeding thirty (30) days when as a direct result of a peril insured by this Policy to property located within 5 statute miles of the perimeter of the Insured's premises ingress to or egress from Property Insured by this Policy thereby prevented

3) OFF PREMISES SERVICES

This Policy is extended to include loss of GROSS EARNINGS and EXTRA EXPENSE incurred by the Insured as a result of damage to, or destruction of, by the perils insured against, to property of the type not excluded by this Policy at any electric generating plants, transformer switching stations, substations, reservoirs, water lines, pumping stations or similar facilities of suppliers furnishing heat, light, power, gas, water, fuel or telephone services to the Insured's premises.

4) IMPOUNDED WATER

In the event that:

- (1) water is used by the Insured as a raw material or for power or for manufacturing or processing purposes, and
- (2) such water is stored behind dams or in reservoirs or in ponds situated on the Insured's premises or site, and
- (3) such water is released from storage or containment as the result of physical loss of or damage to such dam, reservoir or pond or connected machinery or equipment, by any peril not excluded by this Policy,

then this Policy is extended to include any loss to the Insured, as covered under this Extension, resulting from the lack of an adequate water supply from such sources, but the Insurers' liability under this Clause in respect of each and every occurrence for the interruption of business conducted by the Insured due to inadequate water supply will not extend beyond 30 consecutive days after the lost or damaged dam, reservoir, pond, machinery or equipment has been rebuilt, repaired, replaced or restored.

5) **LEASEHOLD INTEREST EXTENSION**

This Policy is extended to Insure:-

- 1) Pro rata proportion from the date of loss to expiration date of the lease (to be paid without discount) on the Insured's interest in:-
 - a) the amount of bonus paid by the Insured for the acquisition of the lease not recoverable under the terms of the lease for the unexpired term of the lease;
 - b) improvements and betterments to real property during the unexpired term of the lease which is not insured elsewhere in this Policy;
 - c) the amount of advance rental paid by the Insured and not recoverable under the terms of the lease for the unexpired term of the lease;

when property is rendered wholly or partially untenable by any of the perils insured herein during the period of this Policy and the lease is cancelled by the lessor in accordance with the conditions of the lease or by statutory requirements of the state in which the damaged or destroyed property is located; and

- 2) a) "INTEREST OF THE INSURED AS LESSEE" when such property is rendered wholly or partially untenable by any of the perils insured herein during the period of this Policy and the lease is cancelled by the lessor in accordance with the conditions of the lease or by statutory requirements of the state in which such damaged or destroyed property is located;
- b) The "INTEREST OF THE INSURED AS LESSEE" as referred to herein shall be paid for the first three months succeeding the date of the loss and the "NET LEASE INTEREST" shall be paid for the remaining months of the unexpired lease.

3) Definitions:

The following terms, wherever used in this extension shall mean as follows:-

- a) the "INTEREST OF THE INSURED AS LESSEE" is defined as:-
 - i) the excess of the rental value of similar premises over the actual rental payable by the lessee (including any maintenance or operating charges paid by the lessee) during the unexpired term of the lease;
 - ii) the rental income earned by the Insured from sublease agreements, to the extent not insured elsewhere in this Policy, over and above the rental expenses specified in the lease between the Insured and the lessor;

- b) "NET LEASE INTEREST" is defined as that sum, which placed at 8% interest compounded annually will be equivalent to the "INTEREST OF THE INSURED AS LESSEE".

- 4) The Insurers shall not be liable for any increase of loss which may be occasioned by the suspension, lapse or cancellation of any license or by the Insured exercising an option to cancel the lease.

ATTACHING TO AND FORMING PART OF POLICY NO. 621339 – 894307 (KMF5603-A09)

ENDORSEMENT NUMBER 1

INSURED: GUAM POWER AUTHORITY and as more fully set forth herein

EFFECTIVE: 1st of NOVEMBER 2019

It is hereby understood and agreed that in respect of various facilities on Guam owned by the United States of America and leased to the Guam Power Authority as detailed in the U.S. Navy Public Works Agreements as listed below, losses shall be payable to the Guam Power Authority or the Government of the United States of America as directed by the insured.

Navy Lease Number:

N6274296RP00101

Licence Numbers:

N5804395RP00003

N5704395RP00012

N5704395RP00022

N5704396RP00001

N6274295RP00031

Agana, Mongmong Substation, fuel and water tanks and associated water and fuel pipelines subject to **Navy Licence Agreement Numbers:**

N5704396RP00004

N5704396RP00005

N5704396RP00006.

All Other Terms and Conditions Remain Unaltered.

ATTACHING TO AND FORMING PART OF POLICY NO. 621339 – 894307 (KMF5603-A09)

ENDORSEMENT NUMBER 2

INSURED: GUAM POWER AUTHORITY and as more fully set forth herein

EFFECTIVE: 1st of NOVEMBER 2019

ELECTRONIC DATE RECOGNITION EXCLUSION (EDRE)

This Policy does not insure any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non computer equipment, whether the property of the insured or not; or
- b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, programme or software and/or microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence of the loss, damage, cost, claim or expense.

NMA 2802

All Other Terms and Conditions Remain Unaltered.

ATTACHING TO AND FORMING PART OF POLICY NO. 621339 – 894307 (KMF5603-A09)

ENDORSEMENT NUMBER 3

INSURED: GUAM POWER AUTHORITY and as more fully set forth herein

EFFECTIVE: 1st of NOVEMBER 2019

U.S.A. & CANADA

ADDITIONAL LIMITATIONS AND CONDITIONS ENDORSEMENT

THIS ENDORSEMENT CONTAINS PROVISIONS IN CLAUSES 11, V AND VI THAT MAY LIMIT OR PREVENT RECOVERY UNDER THIS POLICY FOR DEBRIS REMOVAL (AS PROVIDED IN CLAUSE II) AND/OR RESULTING LOSS (AS PROVIDED IN CLAUSE V).

I LAND, WATER AND AIR EXCLUSION CLAUSE

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

II DEBRIS REMOVAL CLAUSE

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

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

- 1) In the event of direct physical damage to property, for which the Insurers agree to pay hereunder, or which but for the application of a Retention or underlying amount they would agree to pay (hereinafter in this Clause referred to as "Damage"), this Policy also insures, subject to the limitations below and method of calculation in Clause VI. of this Endorsement and to all the other terms and conditions of the Policy, expense:
 - a) which is reasonably and necessarily incurred by the Insured in the removal, from the premises of the Insured at which the Damage occurred, of debris which results from the Damage; and

- b) of which the Insured becomes aware and advises the amount to the Insurers hereon within one year of commencement of the Damage;

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

- 2) The maximum amount of expense for removal of debris (subject to the limitations of paragraph 1. above) that can be included in the method of calculation in Clause VI. of this Endorsement, shall be the greater of USD 10,000,000 (ten million dollars) or 10% (ten percent) of the amount of the loss from which such expense results.

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

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

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

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

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

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

IV LISTED PERILS RESULTING FROM SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION CLAUSE

This Policy is amended as set forth below. All other terms and conditions of this Policy remain unchanged and continue to apply with full force and effect. Nothing contained in this Clause shall override any radioactive contamination exclusion

applicable to this Policy. If any of the perils listed below results from seepage and/or pollution and/or contamination, then such resultant perils shall not be excluded solely by the foregoing Seepage and/or Pollution and/or Contamination Exclusion Clause.

Listed perils

Fire

Explosion.

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

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

V LIMITED SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION RESULTING FROM PHYSICAL DAMAGE CAUSED BY LISTED PERILS CLAUSE

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

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

1) If,

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

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

- d) the Resulting Damage; and
- e) the reasonable and necessary expense incurred by the Insured for debris removal and/or clean-up which is:
 - i) limited to the same premises as the Original Damage; and ii)made necessary solely by the Resulting Damage;

but which in no event include any expense of clean up or removal of land, water or air,

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

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

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

Listed perils

Fire, Lightning, Explosion.

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

- 2) The maximum amount for any Resulting Loss and any other interest claimed under this Policy as a result of the Resulting Damage, whether physical damage, business interruption, extra expense or otherwise, that can be included in the method of calculation in Clause VI. of this Endorsement is USD 5,000,000.

VI METHOD OF CALCULATION

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

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

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

NMA 2415

All Other Terms and Conditions Remain Unaltered.

ATTACHING TO AND FORMING PART OF POLICY NO. 621339 – 894307 (KMF5603-A09)

ENDORSEMENT NUMBER 4

INSURED: GUAM POWER AUTHORITY and as more fully set forth herein

EFFECTIVE: 1st of NOVEMBER 2019

It is understood and agreed that with the express exception of the coverage afforded under the Incidental Course of Construction clause forming part of this Policy, the following exclusion shall apply in respect of this Policy;

PROPERTY AND PLANT TESTING AND COMMISSIONING

It is hereby noted and agreed that this Insurance does not cover destruction of or damage to property whilst undergoing testing or commissioning including mechanical performance testing and any business interruption resulting therefrom.

Acceptance of property hereon is subject to satisfactory completion of the following procedures:

- 1) Mechanical completion including Testing
- 2) Testing and Commissioning
- 3) Performance Testing conforming to 100% Contract Design Criteria having been maintained by the entire plant in a stable and controlled manner for a continuous period as required by the Engineering, Procurement and Construction (EPC) Contract (or similar construction contract). If no EPC Contract (or similar construction contract) is in place, then as recommended by the Original Equipment Manufacturer or if such recommendation is not provided then, a minimum of 72 hours duration.
- 4) Official acceptance by the Insured following formal hand over without reservation or waiver of guarantee conditions.

Notwithstanding the above, attachment of property and plant hereon is to be agreed by the Insurers. It is further noted and agreed that terms and conditions are to be reviewed, if required by the Insurers.

It is further noted and agreed that the above provisions do not apply to normal routine maintenance activities and scheduled turnarounds.

All Other Terms and Conditions Remain Unaltered.

ATTACHING TO AND FORMING PART OF POLICY NO. 621339 – 894307 (KMF5603-A09)

ENDORSEMENT NUMBER 5

INSURED: GUAM POWER AUTHORITY and as more fully set forth herein

EFFECTIVE: 1st of NOVEMBER 2019

**U.S. Terrorism Risk Insurance Act of 2002 as amended
Not Purchased Clause**

This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this Policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

LMA5219

12 January 2015

All Other Terms and Conditions Remain Unaltered.

ATTACHING TO AND FORMING PART OF POLICY NO. 621339 - 894307 (KMF5603-A09)

ENDORSEMENT NUMBER 6

INSURED: GUAM POWER AUTHORITY and as more fully set forth herein

EFFECTIVE: 1st of NOVEMBER 2019

ELECTRONIC DATA ENDORSEMENT A – Amended

1. Electronic Data Exclusion

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

- a) This Policy does not insure, loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA caused by COMPUTER VIRUS or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom.

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

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

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

Listed Perils: Fire, Explosion,

2. Electronic Data Processing Media Valuation

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

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to replace, repair or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed USD10,000,000 any one loss, incurred by the Assured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

NMA 2914 (Amended)

ATTACHING TO AND FORMING PART OF POLICY NO. 621339 – 894307 (KMF5603-A09)

ENDORSEMENT NUMBER 7

INSURED: GUAM POWER AUTHORITY and as more fully set forth herein

EFFECTIVE: 1st of NOVEMBER 2019

APPLICATION OF SUBLIMITS ENDORSEMENT

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.

2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sub-limits, replaces that wording.

LMA5130

5 March 2009

ATTACHING TO AND FORMING PART OF POLICY NO. 621339 – 894307 (KMF5603-A09)

ENDORSEMENT NUMBER 8

INSURED: GUAM POWER AUTHORITY and as more fully set forth herein

EFFECTIVE: 1st of NOVEMBER 2019

BIOLOGICAL OR CHEMICAL MATERIALS EXCLUSION

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

NMA2962

ATTACHING TO AND FORMING PART OF POLICY NO. 621339 – 894307 (KMF5603-A09)

ENDORSEMENT NUMBER 9

INSURED: GUAM POWER AUTHORITY and as more fully set forth herein

EFFECTIVE: 1st of NOVEMBER 2019

TERM

It is understood and agreed that, notwithstanding anything to the contrary in this policy or its endorsements, the Policy effective dates is 11/01/2019 to 11/01/2020, both days at 12:01 AM Local Standard Time

ENDORSEMENT NUMBER 10

INSURED: GUAM POWER AUTHORITY and as more fully set forth herein

EFFECTIVE: 1st of NOVEMBER 2019

It is understood and agreed that this Policy is amended to reflect the following changes made to the coverage by the Reinsurers of this placement;

IN RESPECT OF 4.00% OF THIS POLICY ONLY:

1. The following Sub-Limits forming part of the Policy Schedule are amended to read as follows:

DEBRIS REMOVAL IN ACCORDANCE WITH THE ADDITIONAL
LIMITATIONS AND CONDITIONS ENDORSEMENT NMA2415

USD 10,000,000 or 10% of loss whichever the lesser

INGRESS / EGRESS

30 days and limited to loss occurring within five (5) Statute Miles of the Insured's premises, subject to a maximum sub-limit of USD 2,500,000.

MILITARY / CIVIL AUTHORITIES CLAUSE

30 days and limited to loss occurring within five (5) Statute Miles of the Insured's premises, subject to a maximum sub-limit of USD 2,500,000.

2. The Electronic Data Endorsement A – NMA2914 detailed within Endorsement 6 of this Policy is deemed deleted and replaced by the "Cyber Loss Absolute Exclusion Clause IUA 09-081" attached to this Endorsement 10 of the Policy.

CYBER LOSS ABSOLUTE EXCLUSION CLAUSE

1. Notwithstanding any provision to the contrary within this contract, this contract excludes any Cyber Loss.
2. Cyber Loss means any loss, damage, liability, expense, fines or penalties or any other amount directly or indirectly caused by:
 - 2.1. the use or operation of any Computer System or Computer Network;
 - 2.2. the reduction in or loss of ability to use or operate any Computer System, Computer Network or Data;
 - 2.3. access to, processing, transmission, storage or use of any Data;
 - 2.4. inability to access, process, transmit, store or use any Data;
 - 2.5. any threat of or any hoax relating to 2.1 to 2.4 above;
 - 2.6. any error or omission or accident in respect of any Computer System, Computer Network or Data.
3. Computer System means any computer, hardware, software, application, process, code, programme, information technology, communications system or electronic device owned or operated by the Insured or any other party. This includes any similar system and any associated input, output or data storage device or system, networking equipment or back up facility.
4. Computer Network means a group of Computer Systems and other electronic devices or network facilities connected via a form of communications technology, including the internet, intranet and virtual private networks (VPN), allowing the networked computing devices to exchange Data.
5. Data means information used, accessed, processed, transmitted or stored by a Computer System.
6. When this clause forms part of a reinsurance contract, Insured shall be amended to read Original Insured.

IUA 09-081 17.05.2019

ATTACHING TO AND FORMING PART OF POLICY NO:

621339 – 894307 (KMF5603-A09)

ENDORSEMENT NUMBER 11

INSURED: GUAM POWER AUTHORITY and as more fully set forth herein

EFFECTIVE: 1st of NOVEMBER 2019

It is understood and agreed that this Policy is amended to reflect the following change made to the coverage by the Reinsurers of this placement;

IN RESPECT OF 21.50% OF THIS POLICY ONLY:

The Electronic Data Endorsement A – NMA2914 detailed within Endorsement 6 of this Policy is deemed deleted and replaced by the "Institute Cyber Attack Exclusion Clause CL380" attached to this Endorsement 11 of the Policy.

10/11/03

INSTITUTE CYBER ATTACK EXCLUSION CLAUSE

- 1.1 Subject only to clause 1.2 below, in no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means of inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.

- 1.2 Where this clause is endorsed on policies covering risks of war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power, or terrorism or any person acting from a political motive, Clause 1.1 shall not operate to exclude losses (which would otherwise be covered) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

CL 380

ATTACHING TO AND FORMING PART OF POLICY NO:

621339 – 894307 (KMF5603-A09)

ENDORSEMENT NUMBER 12

INSURED: GUAM POWER AUTHORITY and as more fully set forth herein

EFFECTIVE: 1st of NOVEMBER 2019

It is understood and agreed that this Policy is amended to reflect the following change made to the coverage by the Reinsurers of this placement;

IN RESPECT OF 10.00% OF THIS POLICY ONLY:

1. Cover in respect of Underground Transmission and Distribution lines is limited to the completed sections only.
2. Furthermore, Insurers shall not be liable for any consequential, indirect or remote loss of earnings, nor for any increase in the actual loss of earnings due to loss or damage arising from Transmission and Distribution Lines, whether external or within 1,000 feet of generating premises

**Physical Loss or Physical Damage
Riots, Strikes, Civil Commotion, Malicious Damage,
Terrorism and Sabotage
Insurance**

RISK DETAILS

Type	All Risks of Direct Physical Loss or Property Damage resulting from Strike, Riot, Civil Commotion, Malicious Damage, Sabotage and Terrorism and Business Interruption resulting therefrom
Territorial Limits	This Policy insured property owned by the Insured and located in various locations in Guam and whilst in transit including turbines whilst in Inland Transit as more fully set forth in the information seen and agreed by the Insurers.
Sum Insured	USD 200,000,000 each and every occurrence Property Damage/ Business Interruption/ Extra Expense combined in Excess of Deductibles
Retentions	USD 100,000 each and every occurrence Property Damage/ Business Interruption/ Extra Expense combined
Sub-Limits	Underwriters hereon note and agree that the following sublimits are to apply : 1. to any one Occurrence unless otherwise stated, but in no event do the sub-limits increase the Limit declared hereon Business Interruption USD 5,000,000 each and every occurrence ; Extra Expense USDD 15,000,000 each and every occurrence
Choice of Law	This insurance shall be governed by and construed in accordance with the laws of Guam United States of America (including Guam Courts) in accordance with the provisions of the SERVICE OF SUIT CLAUSE (USA) NMA 1998 with service of process to be made upon THE ENTITY STATED IN THE SLIP through the Insured's agent, AM Insurance, J & G Commercial Building 113F, P.O. Box 2797, Agana, Guam 96932

Some of the words Underwriters use have a special meaning in this Insurance. If a word is in **bold type**, please read Definitions section.

INSURING CLAUSE

Subject to the exclusions, limits and conditions hereinafter contained, this Insurance covers property as stated in the Risk Details against direct physical loss or physical damage to tangible property caused by a **Listed Peril** occurring during the period of this Insurance:

DEFINITIONS

Occurrence means each and every loss or series of losses arising out of and directly caused by one event. However, the duration and extent of any one event shall be limited to direct physical loss or physical damage which occurs within a period of 72 consecutive hours. No such period of 72 hours may extend beyond the expiry of this Insurance unless the Insured shall first sustain direct physical loss or physical damage before the expiry of this Insurance and within the aforesaid period of 72 consecutive hours, nor shall any period of 72 consecutive hours commence before the start of this Insurance.

Listed Peril means any of the perils listed and defined below, or any combination thereof:

Civil Commotion means a substantial violent uprising by a large number of persons assembled together and acting with common purpose or intent.

Malicious Damage means the loss, damage or destruction of property caused by the actions of anyone intending to cause harm or mischief during the disturbance of the public peace.

Riot means a violent disturbance by a group of persons assembled together for a common purpose which threatens the public peace.

Sabotage means a subversive act or series of acts committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

Strike means a work stoppage to enforce demands made on an employer or to protest against an act or condition.

Terrorism means an act or series of acts, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

LOSSES EXCLUDED

This Insurance does not cover:-

1. Loss or damage arising directly or indirectly from nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination, however such nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination may have been caused.
2. Loss or damage occasioned directly or indirectly by war, invasion or warlike operations (whether war be declared or not), hostile acts of sovereign or local government entities, civil war, rebellion, revolution, insurrection, martial law, or usurpation of power.
3. Loss by seizure or legal or illegal occupation unless physical loss or damage is caused directly by a **Listed Peril**.
4. Loss or damage caused by confiscation, nationalisation, requisition, detention, embargo, quarantine, or any result of any order of public or government authority which deprives the Insured of the use or value of its property, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade.
5. Loss or damage directly or indirectly arising from or in consequence of the seepage and or discharge of pollutants or contaminants, which pollutants and contaminants shall include but not be limited to any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment.
6. Loss or damage arising directly or indirectly from or in consequence of chemical or biological emission, release, discharge, dispersal or escape or chemical or biological exposure of any kind.
7. Loss or damage arising directly or indirectly from or in consequence of asbestos emission, release, discharge, dispersal or escape or asbestos exposure of any kind.
8. Any fine or penalty or other assessment which is incurred by the Insured or which is imposed by any court, government agency, public or civil authority or any other person.
9. Loss or damage by electronic means including but not limited to computer hacking or the introduction of any form of computer virus or corrupting or unauthorised instructions or code or the use of any electromagnetic weapon.

This exclusion shall not operate to exclude losses (which would otherwise be covered under this Insurance) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.
10. Loss or increased cost occasioned by any public or government or local or civil authority's enforcement of any ordinance or law regulating the reconstruction, repair or demolition of any property insured hereunder.
11. Loss or damage caused by measures taken to prevent, suppress or control an actual or potential **Listed Peril** unless agreed by the Underwriters in writing prior to such measures being taken.
12. Any consequential loss or damage, loss of use, delay or loss of markets, loss of income, depreciation, reduction in functionality, or increased cost of working.
13. Loss or damage caused by factors including but not limited to cessation, fluctuation or variation in, or insufficiency of, water, gas or electricity supplies and telecommunications or any type of service.

14. Loss or increased cost as a result of threat or hoax.
15. Loss or damage caused by or arising out of burglary, house - breaking, looting, theft or larceny.
16. Loss or damage caused by mysterious disappearance or unexplained loss.

PROPERTY EXCLUDED

This Insurance does not cover direct or indirect physical loss or physical damage to:

1. Land or land values.
2. Power transmission, feeder lines or pipelines not on the Insured's premises.
3. Any building or structure, or property contained therein, while such building or structure is vacant or unoccupied or inoperative for more than thirty days, unless the property is intended to be unoccupied in its normal operations.
4. Aircraft or any other aerial device, or watercraft.
5. Any land conveyance, including vehicles, locomotives or rolling stock, unless such land conveyance is declared hereon and solely whilst located at the property insured herein at the time of its damage.
6. Animals, plants and living things of all types.
7. Property in transit not on the Insured's premises.

CONDITIONS

1. JOINT INSUREDS

The Underwriters' total liability for any loss or losses sustained by any one or more of the Insureds under this Insurance will not exceed the Sum Insured stated in the Risk Details. The Underwriters shall have no liability in excess of the Sum Insured whether such amounts consist of insured losses sustained by all of the Insureds or any one or more of the Insureds.

2. OTHER INSURANCE

This Insurance shall be excess of any other insurance available to the Insured covering a loss or damage covered hereunder except such other insurance which is written specifically as excess insurance over this Insurance. When this Insurance is written specifically in excess of other insurance covering a **Listed Peril**, this Insurance shall not apply until such time as the amount of the underlying insurance, (whether collectible or not), has been exhausted by loss and/or damage covered by this Insurance in excess of the Deductible (if any) with respect to each and every covered loss and/or damage.

3. SITUATION

This Insurance covers tangible property located at the addresses stated in the Risk Details.

4. SUM INSURED (TOTAL DECLARED VALUE OF PROPERTY INSURED)

The Underwriters hereon shall not be liable for more than the Sum Insured stated in the Risk Details in respect of each Occurrence and in the aggregate during the Period of Insurance.

5. DEDUCTIBLE

Each Occurrence shall be adjusted separately and from each such adjusted amount the sum stated in the Risk Details shall be deducted.

6. DEBRIS REMOVAL

This Insurance also covers, within the Sum Insured stated in the Risk Details, expenses incurred in the removal from the insured location of debris of property stated in the Risk Details damaged by a Listed Peril.

The cost of removal of debris shall not be considered in determination of the valuation of the property covered.

7. DUE DILIGENCE

The Insured (or any of the Insured's agents, sub or co-contractors) must use due diligence and do (and concur in doing and permit to be done) everything reasonably practicable, including but not limited to taking precautions to protect or remove the property insured, to avoid or diminish any loss or damage herein insured and to secure compensation for any such loss or damage including action against other parties to enforce any rights and remedies or to obtain relief or indemnity.

8. PROTECTION MAINTENANCE

It is agreed that any protection provided for the safety of the property insured shall be maintained in good order throughout the Period of Insurance and shall be in use at all times, and that such protection shall not be withdrawn or varied to the detriment of the interests of the Underwriters without their consent.

9. VALUATION

It is understood that, in the event of loss or damage, settlement shall be based upon the cost of repairing, replacing or reinstating (whichever is the least) property on the same site, or nearest available site (whichever incurs the least cost) with material of like kind and quality without deduction for depreciation, subject to the following provisions: -

- The repairs, replacement or reinstatement (all hereinafter referred to as "replacement") must be executed with due diligence and dispatch.
- Until replacement has been effected the amount of liability under this Insurance in respect of loss or damage shall be limited to the actual cash value at the time of loss or damage.
- If replacement with material of like kind and quality is restricted or prohibited by any by-laws, ordinance or law, any increased cost of replacement due thereto shall not be covered by this Insurance.

The Underwriters' liability for loss or damage under this Insurance shall not exceed the smallest of the following amounts: -

- The total declared value applicable to the destroyed or damaged property.

- The replacement cost of the property or any part thereof which was intended for the same occupancy and use, as calculated at the time of the loss or damage.
- The amount actually and necessarily expended in replacing said property or any part thereof.

The Underwriters will normally expect the Insured to carry out repair or replacement of the property insured, but if the Insured and the Underwriters agree that it is not practicable or reasonable to do this, the Underwriters will pay the Insured an amount based on the repair or replacement costs, less an allowance for fees and associated costs which are not otherwise incurred. The Underwriters will only pay the Insured up to the Sum Insured stated in the Risk Details.

10. INCORRECT DECLARATION PENALTY

If the values declared as stated in the Risk Details are less than the correct insured values as determined above, then any recovery otherwise due hereunder shall be reduced in the same proportion that the values declared bear to the values that should have been declared, and the Insured shall co-insure for the balance.

11. NOTIFICATION OF CLAIMS

The Insured, upon knowledge of any event likely to give rise to a claim hereunder, shall give written advice as soon as reasonably practicable to the Underwriters via the Insured's Broker, who is to advise the Underwriters within seven (7) days of such knowledge of any event and it is a condition precedent to the liability of the Underwriters that such notification is given by the Insured as provided for by this Insurance.

If the Insured makes a claim under this Insurance he must give the Underwriters such relevant information and evidence as may reasonably be required and co-operate fully in the investigation or adjustment of any claim. If required by the Underwriters, the Insured must submit to examination under oath by any person designated by the Underwriters.

12. PROOF OF LOSS OR DAMAGE

The Insured shall render a signed and sworn proof of loss or damage within sixty (60) days after the occurrence of a loss (unless such period be extended by the written agreement of the Underwriters) stating the time, place and cause of loss or damage, the interest of the Insured and all others in the property, the sound value thereof and the amount of loss or damage thereto.

If the Underwriters have not received such proof of loss or damage within two years of the expiry date of this Insurance, they shall be discharged from all liability hereunder.

In any claim and/or action, suit or proceeding to enforce a claim for loss or damage under this Insurance, the burden of proving that the loss or damage is recoverable under this Insurance and that no limitation or exclusion of this Insurance applies and the quantum of loss or damage shall fall upon the Insured.

13. SUBROGATION

Any release from liability entered into in writing by the Insured prior to loss or damage herein insured shall not affect this Insurance or the right of the Insured to recover hereunder. The right of subrogation against any of the Insured's subsidiary or affiliated companies or any other companies associated with the Insured through ownership or management is waived;

In the event of any payment under this Insurance, the Underwriters shall be subrogated to the extent of such payment to all the Insured's right of recovery therefor. The Insured shall

execute all papers required, shall cooperate with the Underwriters and, upon the Underwriters' request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, attaining the attendance of witnesses and in the conduct of suits and shall do anything that may be necessary to secure such right. The Underwriters will act in concert with all other interests concerned (including the Insured) in the exercise of such rights of recovery. If any amount is recovered as a result of such proceedings, such amount shall be distributed in the following priorities:

- (i) any interest, (including the Insured's), exclusive of any Deductible or self insured retention, suffering loss or damage of the type covered by this Insurance and in excess of the coverage under this Insurance shall be reimbursed up to the amount of such loss or damage (excluding the amount of the Deductible);.
- (ii) out of the balance remaining, the Underwriters shall be reimbursed to the extent of payment under this Insurance
- (iii) the remaining balance, if any, shall inure to the benefit of the Insured, or any insurer providing insurance primary to this Insurance, with respect to the amount of such primary insurance, Deductible, self insured retention, and/or loss or damage of a type not covered by this Insurance.

The expense of all proceedings necessary to the recovery of any such amount shall be apportioned between the interests concerned, including that of the Insured, in the ratio of their respective recoveries as finally settled. If there should be no recovery and proceedings are instituted solely on the initiative of the Underwriters, the expense thereof shall be borne by the Underwriters.

14. SALVAGE AND RECOVERIES

All salvages, recoveries and payments recovered or received subsequent to a settlement under this Insurance shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.

15. FRAUDULENT CONDUCT AND MISREPRESENTATION

This Insurance and any loss, damage or claim hereunder will be void if, whether before or after loss or damage, an Insured has:

- (i) intentionally concealed or intentionally misrepresented any material fact or circumstance;
- (ii) engaged in fraudulent conduct; or
- (iii) made false statements;

relating to this Insurance or any loss, damage or claim hereunder.

In the event that any provision of this clause is found by a court of competent jurisdiction to be invalid or unenforceable, the other provisions of this clause and the remainder of the provision in question shall not be affected thereby and shall remain in full force and effect.

16. ABANDONMENT

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

17. INSPECTION AND AUDIT

The Underwriters or their agents shall be permitted but not obligated to inspect the Insured's property at any time.

Neither the Underwriters' right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property is safe.

The Underwriters may examine and audit the Insured's books and records at any time up to two years after the termination of this Insurance, as far as they relate to the subject matter of this Insurance.

18. ASSIGNMENT

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

19. RIGHTS OF THIRD PARTIES EXCLUSION

This Insurance is effected solely between the Insured and the Underwriters.

This Insurance shall not confer any benefits on any third parties, including shareholders, and no such third party may enforce any term of this Insurance.

This clause shall not affect the rights of the Insured.

20. CANCELLATION

This Insurance shall be non-cancellable by the Underwriters or the Insured except in the event of non-payment of premium where the Underwriters may cancel this Insurance at their discretion in the manner set out below.

In the event of non-payment of premium this Insurance may be cancelled by or on behalf of the Underwriters by delivery to the Insured or by mailing to the Insured or via the Insured's Broker by registered, certified, or other first class mail, at the Insured's address as shown in the Risk Details, written notice stating when, not less than fifteen (15) days thereafter, the cancellation shall be effective. The mailing of such notice shall be sufficient proof of notice and this Insurance shall terminate at the date and hour specified in such notice.

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

21. ARBITRATION

If the Insured and the Underwriters fail to agree in whole or in part regarding any aspect of this Insurance, each party shall, within ten (10) days after the demand in writing by either party, appoint a competent and disinterested arbitrator and the two (2) chosen shall before commencing the arbitration select a competent and disinterested umpire.

The arbitrators together shall determine such matters in which the Insured and the Underwriters shall so fail to agree and shall make an award thereon and if the Arbitrators fail to agree, they will submit their differences to the umpire. .

The parties to such arbitration shall pay the arbitrators respectively appointed by them and bear equally the expenses of the arbitration and the charges of the umpire.

22. LEGAL ACTION AGAINST THE UNDERWRITERS

No one may bring a legal action against the Underwriters unless:

There has been full compliance by the Insured with all of the terms of this Insurance; and

The action is brought within two (2) years after the expiry or cancellation of this Insurance.

23. MATERIAL CHANGES

The Insured must notify the Underwriters of any change of circumstances which would materially affect this Insurance.

24. EXPERTS FEES

This Insurance includes, within the Sum Insured stated in the Risk Details, the necessary and reasonable fees of architects, surveyors, consulting engineers and other professional experts which are incurred in reinstating or repairing the property insured following loss or damage covered under this Insurance.

25. LAW

As stated in the Risk Details.

26. JURISDICTION

As stated in the Risk Details.

LMA3092

EXTRA EXPENSE EXTENSION

In consideration of the premium paid and subject to the EXCLUSIONS, CONDITIONS AND LIMITATIONS of the Policy to which this Extension is attached, and also to the following ADDITIONAL CONDITIONS AND EXCLUSIONS, this Insurance is extended to cover the necessary Extra Expense incurred by the Insured in order to continue as nearly as practicable the normal conduct of the Insured's business following Direct Physical Loss or Damage as covered by the Policy to which this Extension is attached, to the Property Insured.

DEFINITION OF EXTRA EXPENSE

"Extra Expense" means the excess (if any) of the total cost during the period of restoration chargeable to the conduct of the Insured's business over and above the total cost that would normally have been incurred to conduct the Insured's business during the same period had no loss occurred.

The term "Extra Expense" includes the reasonable extra cost of temporary repair or of expediting the repair or replacement of such damaged property of the Insured, including overtime and the extra cost of express or other rapid means of transportation; and shall also include the cost incurred in obtaining property for temporary use during the period of restoration necessarily required for the conduct of the Insured's business.

The period of restoration shall be limited to the time required, with the exercise of due diligence and dispatch, to repair, rebuild or replace such damaged or destroyed property, commencing with the date of such damage or destruction and not limited by the expiration date of this Policy. However, the period of restoration shall not exceed eighteen (18) calendar months.

CONDITIONS

1. Direct Loss or Damage

No claim shall be payable under this Extension unless and until a claim has been paid, or liability admitted, in respect of Direct Physical Loss or Damage to property insured under the Policy to which this Extension is attached and which gave rise to Extra Expense.

This Condition shall not apply if no such payment shall have been made, or liability admitted, solely owing to the operation of a Deductible in said Policy which excludes liability for losses below a specified amount.

2. Resumption of Operations

It is a condition of this Policy that, as soon as practicable, the Insured shall resume normal operation of the business and shall dispense with such Extra Expense.

3. Salvage

At the end of the period of restoration, any salvage value remaining in property obtained for temporary use shall be taken into consideration in the determination of such Extra Expense.

EXCLUSIONS

This Extension does not insure against:

1. increase in Extra Expense resulting from interference at the insured premises, by strikers or other persons, with rebuilding, repairing or replacing the property or with the resumption or continuation of operation;
2. increase in Extra Expense by the suspension, lapse, or cancellation of any lease, license, contract, or order;
3. increase in Extra Expense caused by the enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any property insured hereunder;
4. Loss of Earnings or any other consequential loss.

14/12/05

LMA5043

Form approved by Lloyd's Market Association

Business Interruption Extension

In consideration of the premium paid, and subject to the EXCLUSIONS, CONDITIONS AND LIMITATIONS of the Policy to which this Extension is attached, and also to the FOLLOWING ADDITIONAL CONDITIONS, EXCLUSIONS AND LIMITATIONS, this Policy is extended to cover loss resulting from necessary Interruption of Business caused by Direct Physical Loss or Damage, as covered by the Policy to which this Extension is attached, to the Property Insured.

In the event of such Direct Physical Loss or Damage, the Underwriters shall be liable for the actual loss sustained by the Insured resulting directly from such necessary Interruption of Business, but not exceeding the reduction in Gross Earnings, as defined hereafter, less charges and expenses which are not necessary during the Interruption of Business, for a period not to exceed the lesser of:-

a) such length of time as would be required, with the exercise of due diligence and dispatch, to repair, rebuild or replace such part of the property as has been destroyed or damaged,

or

b) twelve (12) calendar months,

commencing with the date of such Direct Physical Loss or Damage and not limited by the expiration of this Policy.

Due consideration shall be given to the continuation of normal charges and expenses, including payroll expenses, to the extent necessary to resume operations of the Insured with the same operational capability as existed immediately before the loss.

CONDITIONS

1. Direct Loss or Damage

No claim shall be payable under this Extension unless and until a claim has been paid, or liability admitted, in respect of Direct Physical Loss or Damage to Property Insured under the Policy to which this Extension is attached and which gave rise to Interruption of Business.

This Condition shall not apply if no such payment shall have been made, or liability admitted, solely owing to the operation of a Deductible in said Policy which excludes liability for losses below a specified amount.

2. Values Declared (and Incorrect Declaration Penalty)

The premium for this Extension has been based on a statement of individual values declared to and agreed by the Underwriters at the inception of the Policy and stated in the Schedule.

If any of the individual values declared are less than the equivalent amount of the Co-insurance percentage, as stated in the Schedule, of the Interruption of Business values, then any recovery otherwise due hereunder shall be reduced in the same proportion that the individual value(s) declared bear to the value(s) that should have been declared and the Insured shall co-insure for the balance.

3. Resumption of Operations

If the Insured could reduce the loss resulting from the Interruption of Business,

- a) by complete or partial resumption of operation of the property,
and/or
- b) by making use of Merchandise, Stock (Raw, In Process or Finished), or any other property at the Insured's locations or elsewhere,
and/or
- c) by using or increasing operations elsewhere,

then such possible reduction shall be taken into account in arriving at the amount of loss hereunder.

4. Expenses to reduce Loss

This Extension also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Extension (except expenses incurred to extinguish a fire), and, in respect of manufacturing risks, such expense, in excess of Normal, as would necessarily be incurred in replacing any Finished Stock used by the Insured to reduce loss under this Extension; but in no event to exceed the amount by which loss under this Extension is thereby reduced. Such expenses shall not be subject to the application of any contribution clause.

EXCLUSIONS

This Extension does not insure against:-

1. increase in loss resulting from interference at the insured premises, by strikers or other persons, with rebuilding, repairing or replacing the property or with the resumption or continuation of operation;
2. increase in loss caused by the suspension, lapse, or cancellation of any lease, licence, contract, or order, unless such results directly from the insured Interruption of Business, and then Underwriters shall be liable for only such loss as affects the Insured's earnings during, and limited to, the period of indemnity covered under this Policy;
3. increase in loss caused by the enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any property insured hereunder;
4. loss of market or any other consequential loss.

LIMITATIONS

1. The Underwriters shall not be liable for more than the smaller of either:-
 - a) any specific Business Interruption Sum Insured stated in the Schedule,
or
 - b) the Sum Insured stated in the Schedule, where such includes Business Interruption, if such is a combined limit,in respect of such loss, regardless of the number of locations suffering an interruption of business as a result of any one occurrence.
2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, by the perils insured against, the length of time for which the Underwriters shall be liable hereunder shall not exceed:-
 - a) thirty (30) consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or,

- b) the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding eighteen (18) calendar months,

whichever is the greater length of time.

DEFINITIONS

1. Gross Earnings are for the assessment of premium and for adjustment in the event of loss defined as,

The sum of:-

- a) total net sales value of production or sales of Merchandise,
and
- b) other earnings derived from the operations of the business,
less the cost of
- c) Raw Stock from which production is derived,
- d) supplies consisting of materials consumed directly in the conversion of such Raw Stock into Finished Stock, or in supplying the services sold by the Insured,
- e) Merchandise sold including packaging materials therefor,
- f) materials and supplies consumed directly in supplying the service(s) sold by the Insured,
- g) service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract,
- h) the difference between the cost of production and the nett selling price of Finished Stock which has been sold but not delivered.

No other costs shall be deducted in determining Gross Earnings.

In determining Gross Earnings due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience thereafter had loss not occurred.

2. Raw Stock

Material in the state in which the Insured receives it for conversion into Finished Stock.

3. Stock in Process

Raw Stock which has undergone any ageing, seasoning, mechanical or other process of manufacture at the Insured's premises but which has not become Finished Stock.

4. Finished Stock

Stock manufactured by the Insured which in the ordinary course of the Insured's business is ready for packing, shipment or sale.

5. Merchandise

Goods kept for sale by the Insured which are not the product of manufacturing operations conducted by the Insured.

6. Normal

The condition that would have existed had no loss occurred.

**LMA 5039
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