



X^L Insurance

Policy



Insurance Policy

FINE ART CORPORATE COLLECTION COVERAGE FORM

**THE STATE OF TENNESSEE, INCLUDING ALL ITS DEPARTMENTS, AGENCIES, INSTITUTIONS AND DIVISIONS, INCLUDING THE UNIVERSITY OF TENNESSEE SYSTEM AND THE TENNESSEE BOARD OF REGENTS SYSTEM AND SUBSIDIARIES, AUSTIN PEAY STATE UNIVERSITY, EAST TENNESSEE STATE UNIVERSITY, MIDDLE TENNESSEE STATE UNIVERSITY, TENNESSEE STATE UNIVERSITY, TENNESSEE TECHNOLOGICAL UNIVERSITY, UNIVERSITY OF MEMPHIS AND ASSOCIATED COMPANIES, ETAL.
TREASURY DEPARTMENT/RISK MANAGEMENT
502 DEADERICK STREET
NASHVILLE, TN 37243**

**Policy Number: UM00114896SP21A
Policy Period: July 1, 2021 to July 1, 2022**

As presented by:

ARTHUR J. GALLAGHER & CO.

XL SPECIALTY INSURANCE COMPANY

Department Regulatory
505 Eagleview Boulevard, Suite 100
Exton, PA 19341-0636 USA
Phone: 800 688 1840

NOTICE TO POLICYHOLDERS

PRIVACY POLICY

The AXA XL insurance group (the “Companies”), believes personal information that we collect about our customers, potential customers, and proposed insureds (referred to collectively in this Privacy Policy as “customers”) must be treated with the highest degree of confidentiality. For this reason and in compliance with the Title V of the Gramm-Leach-Bliley Act (“GLBA”), we have developed a Privacy Policy that applies to all of our companies. For purposes of our Privacy Policy, the term “personal information” includes all information we obtain about a customer and maintain in a personally identifiable way. In order to assure the confidentiality of the personal information we collect and in order to comply with applicable laws, all individuals with access to personal information about our customers are required to follow this policy.

Our Privacy Promise

Your privacy and the confidentiality of your business records are important to us. Information and the analysis of information is essential to the business of insurance and critical to our ability to provide to you excellent, cost-effective service and products. We understand that gaining and keeping your trust depends upon the security and integrity of our records concerning you. Accordingly, we promise that:

1. We will follow strict standards of security and confidentiality to protect any information you share with us or information that we receive about you;
2. We will verify and exchange information regarding your credit and financial status only for the purposes of underwriting, policy administration, or risk management and only with reputable references and clearinghouse services;
3. We will not collect and use information about you and your business other than the minimum amount of information necessary to advise you about and deliver to you excellent service and products and to administer our business;
4. We will train our employees to handle information about you or your business in a secure and confidential manner and only permit employees authorized to use such information to have access to such information;
5. We will not disclose information about you or your business to any organization outside the AXA XL insurance group of Companies or to third party service providers unless we disclose to you our intent to do so or we are required to do so by law;
6. We will not disclose medical information about you, your employees, or any claimants under any policy of insurance, unless you provide us with written authorization to do so, or unless the disclosure is for any specific business exception provided in the law;
7. We will attempt, with your help, to keep our records regarding you and your business complete and accurate, and will advise you how and where to access your account information (unless prohibited by law), and will advise you how to correct errors or make changes to that information; and
8. We will audit and assess our operations, personnel and third party service providers to assure that your privacy is respected.

Collection and Sources of Information

We collect from a customer or potential customer only the personal information that is necessary for (a) determining eligibility for the product or service sought by the customer, (b) administering the product or service obtained, and (c) advising the customer about our products and services. The information we collect generally comes from the following sources:

- Submission – During the submission process, you provide us with information about you and your business, such as your name, address, phone number, e-mail address, and other types of personal identification information;
- Quotes – We collect information to enable us to determine your eligibility for the particular insurance product and to determine the cost of such insurance to you. The information we collect will vary with the type of insurance you seek;

NOTICE TO POLICYHOLDERS

- Transactions – We will maintain records of all transactions with us, our affiliates, and our third party service providers, including your insurance coverage selections, premiums, billing and payment information, claims history, and other information related to your account;
- Claims – If you obtain insurance from us, we will maintain records related to any claims that may be made under your policies. The investigation of a claim necessarily involves collection of a broad range of information about many issues, some of which does not directly involve you. We will share with you any facts that we collect about your claim unless we are prohibited by law from doing so. The process of claim investigation, evaluation, and settlement also involves, however, the collection of advice, opinions, and comments from many people, including attorneys and experts, to aid the claim specialist in determining how best to handle your claim. In order to protect the legal and transactional confidentiality and privileges associated with such opinions, comments and advice, we will not disclose this information to you; and
- Credit and Financial Reports – We may receive information about you and your business regarding your credit. We use this information to verify information you provide during the submission and quote processes and to help underwrite and provide to you the most accurate and cost-effective insurance quote we can provide.

Retention and Correction of Personal Information

We retain personal information only as long as required by our business practices and applicable law. If we become aware that an item of personal information may be materially inaccurate, we will make reasonable effort to re-verify its accuracy and correct any error as appropriate.

Storage of Personal Information

We have in place safeguards to protect data and paper files containing personal information.

Sharing/Disclosing of Personal Information

We maintain procedures to assure that we do not share personal information with an unaffiliated third party for marketing purposes unless such sharing is permitted by law. Personal information may be disclosed to an unaffiliated third party for necessary servicing of the product or service or for other normal business transactions as permitted by law.

We do not disclose personal information to an unaffiliated third party for servicing purposes or joint marketing purposes unless a contract containing a confidentiality/non-disclosure provision has been signed by us and the third party. Unless a consumer consents, we do not disclose “consumer credit report” type information obtained from an application or a credit report regarding a customer who applies for a financial product to any unaffiliated third party for the purpose of serving as a factor in establishing a consumer’s eligibility for credit, insurance or employment. “Consumer credit report type information” means such things as net worth, credit worthiness, lifestyle information (piloting, skydiving, etc.) solvency, etc. We also do not disclose to any unaffiliated third party a policy or account number for use in marketing. We may share with our affiliated companies information that relates to our experience and transactions with the customer.

Policy for Personal Information Relating to Nonpublic Personal Health Information

We do not disclose nonpublic personal health information about a customer unless an authorization is obtained from the customer whose nonpublic personal information is sought to be disclosed. However, an authorization shall not be prohibited, restricted or required for the disclosure of certain insurance functions, including, but not limited to, claims administration, claims adjustment and management, detection, investigation or reporting of actual or potential fraud, misrepresentation or criminal activity, underwriting, policy placement or issuance, loss control and/or auditing.

NOTICE TO POLICYHOLDERS

Access to Your Information

Our employees, employees of our affiliated companies, and third party service providers will have access to information we collect about you and your business as is necessary to effect transactions with you. We may also disclose information about you to the following categories of person or entities:

- Your independent insurance agent or broker;
- An independent claim adjuster or investigator, or an attorney or expert involved in the claim;
- Persons or organizations that conduct scientific studies, including actuaries and accountants;
- An insurance support organization;
- Another insurer if to prevent fraud or to properly underwrite a risk;
- A state insurance department or other governmental agency, if required by federal, state or local laws; or
- Any persons entitled to receive information as ordered by a summons, court order, search warrant, or subpoena.

Violation of the Privacy Policy

Any person violating the Privacy Policy will be subject to discipline, up to and including termination.

For more information or to address questions regarding this privacy statement, please contact your broker.

NOTICE TO POLICYHOLDERS

FRAUD NOTICE

Alabama	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution fines or confinement in prison, or any combination thereof.
Arkansas	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Colorado	It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.
District of Columbia	WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.
Florida	Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.
Kansas	A "fraudulent insurance act" means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.
Kentucky	Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.
Louisiana	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Maine	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.
Maryland	Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
New Jersey	Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

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New Mexico	ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.
New York	<p>General: All applications for commercial insurance, other than automobile insurance: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.</p> <p>All applications for automobile insurance and all claim forms: Any person who knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation.</p> <p>Fire: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.</p> <p>The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall be grounds to rescind the insurance policy.</p>
Ohio	Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.
Oklahoma	<p>WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.</p> <p>WARNING: All Workers Compensation Insurance: Any person or entity who makes any material false statement or representation, who willfully and knowingly omits or conceals any material information, or who employs any device, scheme, or artifice, or who aids and abets any person for the purpose of:</p> <ol style="list-style-type: none"> 1. obtaining any benefit or payment, 2. increasing any claim for benefit or payment, or 3. obtaining workers' compensation coverage under this act, shall be guilty of a felony punishable pursuant to Section 1663 of Title 21 of the Oklahoma Statutes.
Pennsylvania	<p>Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.</p> <p>Automobile Insurance: Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and the payment of a fine of up to \$15,000.</p>

NOTICE TO POLICYHOLDERS

Puerto Rico	Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.
Rhode Island	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Tennessee	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits. Workers' Compensation: It is a crime to knowingly provide false, incomplete or misleading information to any party to a workers' compensation transaction for the purpose of committing fraud. Penalties include imprisonment, fines and denial of insurance benefits.
Utah	Workers' Compensation: Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison.
Virginia	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
Washington	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
West Virginia	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
All Other States	Any person who knowingly and willfully presents false information in an application for insurance may be guilty of insurance fraud and subject to fines and confinement in prison. (In Oregon, the aforementioned actions may constitute a fraudulent insurance act which may be a crime and may subject the person to penalties).

NOTICE TO POLICYHOLDERS

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")

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

This Policyholder Notice provides information concerning possible impact on your insurance coverage due to the impact of U.S. Trade Sanctions¹. Please read this Policyholder Notice carefully.

In accordance with the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") regulations, or any other U.S. Trade Sanctions embargoes or export controls applied by any regulatory body, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions, embargoes or export controls law, is a Specially Designated National and Blocked Person ("SDN"), or is owned or controlled by an SDN, this insurance will be considered a blocked or frozen contract. When an insurance policy is considered to be such a blocked or frozen contract, neither payments nor premium refunds may be made without authorization from OFAC or the applicable regulator. Other limitations on the premiums and payments also apply.

¹ "U.S Trade Sanctions" may be promulgated by Executive Order, act of Congress, regulations from the U.S. Departments of State, Treasury, or Commerce, regulations from the State Insurance Departments, etc.

NOTICE TO POLICYHOLDERS

TENNESSEE

FOR INFORMATION, OR
TO MAKE A COMPLAINT, CALL:
1-800-622-7311
AXA XL
SEAVIEW HOUSE
70 SEAVIEW AVENUE
STAMFORD, CT 06902-6040

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

Coverage for acts of terrorism is included in your policy. You are hereby notified that the Terrorism Risk Insurance Act, as amended in 2019, defines an act of terrorism in Section 102(1) of the Act: The term “act of terrorism” means any act or acts that are certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security, and the Attorney General of the United States —to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers’ liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is specified in the policy Declarations, and does not include any charges for the portion of losses covered by the United States government under the Act.

THE STATE OF TENNESSEE, ETAL.
c/o Treasury Dept./Risk Management
502 Deaderick Street
Nashville, TN 37243

XL Specialty Insurance Company Policy #UM00114896SP21A

Term: July 1, 2021 to July 1, 2022

Annual Premium: \$52,000 (\$50,000 plus \$2,000).

1. PROPERTY INSURED:

- A) This policy insures antiques and objects of art of every nature and description usual to the conduct of the Insured including their frames, glasses, shadow boxes and similar property, being the property of the Insured; or held by them in trust; or on memorandum; or on loan; or on consignment; or sold but not delivered; or belonging to others and for which the Insured may be liable; or for which the Insured has assumed liability prior to loss.
- B) This policy is extended to cover the Insured's reference library and other reference material belonging to the Insured, which items are not for sale nor listed in the Insured's inventory.
- C) This policy is extended to cover furniture and fixtures of a fine arts nature belonging to the Insured, which items are not for sale nor listed in the Insured's inventory.

2. TERRITORIAL LIMITS:

The property insured is covered while on the premises of the Insured and/or while in transit and/or on exhibition and/or otherwise anywhere in the **World**; subject to the limits defined in Clause No. 3 as listed below.

It is understood and agreed that property on loan is covered on a "**wall to wall**" basis from the time it is removed from the premises where located including any subsequent transits, while on exhibition, storage or otherwise, and until returned to the premises designated by the owner or owners.

3. **LIMITS OF LIABILITY:**

The liability of The Company in any one loss, disaster or casualty is limited to:

\$ 100,000,000. **Blanket over various collections at various premises** situated in
The State of Tennessee (locations per schedule on file)

\$ 25,000,000. at any un-named locations.

\$ 25,000,000. while in transit including personally conveyed.

4. **THIS POLICY INSURES AGAINST ALL RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE TO INSURED PROPERTY EXCEPT AS HEREINAFTER EXCLUDED.**

Locations covered include but is not limited to the following locations:

Treasury Dept./Risk Management 502 Deaderick Street Nashville, TN 37243-0204, USA
Tennessee State Museum James K. Polk Building 505 Deaderick Street Nashville, TN 37243, USA
National Civil Rights Museum 450 Mullberry Street Memphis, TN 38103, USA
Tennessee State Library and Archives 403 7th Avenue Nashville, TN 37243, USA
Art Museum of the University of Memphis 3750 Norriswood Memphis, TN 38152, USA
Middle Tennessee State University Center for Popular Music 1735 Blue Raider Dr Murfreesboro, TN 37132, USA
University of Tennessee The Frank H. McClung Museum 1327 Circle Park Drive Knoxville, TN 37996, USA
East Tennessee State University Carroll Reece Museum, Gilbreath Drive Building 36 Johnson City, TN 37614, USA
Martin Methodist College 433 West Madison Street Pulaski TN 38478

5. **EXCLUSIONS:**

This policy does not insure against loss or damage occasioned by:

- A) Wear and tear, gradual deterioration, inherent vice.
- B) Damage sustained due to and directly resulting from any repairing, restoration or retouching process, *unless such work is performed by a restorer/conservator whose profession is restoration/conservation.*
- C) Loss of market or delay, no matter how occurring.
- D) The peril of flood to property located in the basement of any premises.
- E) War Risks, *except with respects to Insured Property in overseas transits*, including:
 - 1. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack
 - a. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces or;
 - b. by military, naval or air forces; or
 - c. by any agent of any such government, power, authority or forces;
 - 2. Any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - 3. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

War risks in overseas transits as described above, is at all times subject to 48 hours notice of cancellation, given by either party. Once the cancellation date is determined and reached, coverage under this policy shall terminate only with respect to shipments that commence after the cancellation date.
- F) Against any loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy; however, subject to the foregoing and all provisions of this policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy.

6. BASIS OF VALUATION:

Unless otherwise endorsed hereon, the property covered shall be valued as follows:

- A) Property owned by the Insured at those values listed in the Insured's inventory records or at the current market value at the time of loss or damage, whichever the higher.
- B) Newly acquired property or property where an inventory value has not been established at the current market value.
- C) Property on consignment, loan or otherwise, at the consignment value agreed upon between the Insured and the owner(s).
- D) Property actually sold, but not delivered or removed, and/or while in transit to consignee's or owner's premises shall be valued at selling price plus expenses, if any, accrued from date of sale.
- E) Property as mentioned in Item 1B (Library and Reference Library) and 1C (Furniture and fixtures) at replacement cost.
- F) Student Artwork \$500 per item or cost to replace, whichever the highest.

7. RECORDS:

It is a condition of this policy that the Insured will endeavor to maintain an accurate and itemized inventory of all property except property as insured under 1B and 1C of this policy.

8. ADDITIONAL INTERESTS:

It is understood that owners and/or lenders of property insured under this policy are considered as Loss Payees and/or Additional Insureds as their respective interests may appear.

9. LEGAL LIABILITY:

This policy is extended to cover the legal liability of the Insured for all objects of art which they have been instructed not to insure by the respective owners or agents of the owners. In the event of any action or recovery involving the Insured for loss of, or damage to such property, The Company will defend all such actions and pay all legal fees, court costs and judgements up to the limit of liability provided at the main location as specified in this policy.

10. PARTIAL LOSS AGREEMENT:

In case of partial loss due to the perils insured against, the amount of loss shall be the cost and expense of restoration including any additional charges incurred in connection therewith.

Depreciation if any, to be agreed upon between the Insured and the Company.

In the event the Insured and the Company cannot agree on the amount of depreciation, property to be sold at public auction and net proceeds are for the account of the Insured. The Company shall pay the Insured the difference between the amount so realized and the insured value of the property.

In no event shall the Company be liable for more than the insured value of the property.

11. PAIR AND SET:

In the event any portion of the property insured hereunder is lost, damaged, or destroyed, which affects the value of the remaining portion, at the option of the Insured, (1) The Company agree to pay the insured value of the entire property and the Insured agrees to surrender the damaged and sound portions to the Company or (2) the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the set, giving consideration to the importance of said article or articles.

12. PRIVILEGE TO ADJUST WITH OWNER:

In case of loss of property of others (insured hereunder) held by the Insured, for loss of which claim is made upon the Company, the right to adjust such loss with the owner or owners of the property is reserved to the Company subject however, to prior consent by the Insured and the receipt of such owner or owners in satisfaction thereof, shall be in full satisfaction of any claim of the Insured for the loss of said property for which such payment has been made. If legal proceedings be taken to enforce claim against the Insured as respects any such loss, the Company reserve the right at their option without expense to the Insured, to conduct and control the defense on behalf of and in the name of the Insured. No action of the Company in such regard shall increase the liability of the Company under this policy, nor increase the limits of liability specified.

13. SUBROGATION CLAUSE:

The Company may require from the Insured an assignment of all rights of recovery against any party for loss or damage, to the extent that payment therefore is made by The Company. Notwithstanding, the Company will not be granted recourse against carriers, packers, customers or other bailees except with the Insured's and/or their Agents' prior consent.

14. **RIGHTS OF RECOVERY:**

If the Insured suffers a loss for an amount in excess for which the Company are liable, then all proceeds, salvage and/or other recoveries are for the account of the Insured until such loss shall be reduced to the amount for which the Company are liable and further proceeds, salvage and/or recoveries shall then be for the account of the Company.

15. **AUTOMATIC REINSTATEMENT WITHOUT ADDITIONAL PREMIUM:**

It is understood and agreed that in the event of a loss under this policy, the amount of such loss is automatically reinstated immediately without additional premium and the insurance shall remain in force for the full policy limits.

16. **MISREPRESENTATION AND FRAUD:**

This entire policy shall be void if, whether before or after a loss, the Insured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the Insured therein, or in case of any fraud or false swearing by the Insured relating thereto.

17. **NOTICE OF LOSS:**

The Insured shall as soon as practicable report in writing to the Company or **Arthur J. Gallagher & Co., Inc., 250 Park Avenue, New York, NY 10177**, every loss, damage or occurrence which may give rise to a claim under this policy. The Insured shall also file, if requested by the Company within (90) ninety days from date of discovery of such loss, damage or occurrence, a detailed proof of loss.

18. **BUY BACK AGREEMENT:**

In the event of a loss insured hereunder wherein the Company has made payment, the Company agrees to offer the Insured first choice of buying back recovered property. The Insured shall have the right to repurchase from the Company such property. There is no time limitation for this right. It is understood and agreed that the Company may request an amount no higher than the amount which was paid by them when the original claim settlement was made.

Damaged property of the Insured on which a total loss has been paid may be repurchased by the Insured at the then fair market value of such damaged property.

The Company agrees to notify the Insured of their right to repurchase recovered property or damaged property and the Insured shall have sixty (60) days from date of such notice to exercise this repurchase right.

19. EXAMINATION UNDER OATH:

The Insured shall submit, and insofar as is within his or their power, cause all other persons interested in the property including employees, to submit to examination under oath by any persons named by the Company, relative to any and all matters in connection with a claim and subscribe the same, and 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 Company or its representatives, and shall permit extracts and copies thereof to be made.

20. SETTLEMENT OF LOSS:

All adjusted claims shall be paid or made good to the Insured within (30) thirty days after presentation and acceptance of satisfactory proof of interest and loss.

21. NO BENEFIT TO BAILEE:

This insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

22. PROTECTION OF PROPERTY:

In case of loss, it shall be lawful and necessary for the Insured, his or their factors, servants and assigns, to sue, labor, and travel for, in and about the defense, safeguard and recovery of the property insured hereunder, or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or the Company in recovering, saving and preserving the property insured in case of loss be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be borne by the Insured and the Company proportionately to the extent of their respective interests.

23. SUIT:

No suit, action or proceeding for the recovering of any claim under this policy shall be sustainable in any court of law or equity unless the same be commenced within (12) twelve months next after discovery by the Insured of the occurrence which gives rise to the claim, provided however, that if by the laws of the State within which this policy is issued such limitation is invalid, then any such claims shall be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the laws of such State.

24. APPRAISAL:

If the Insured and the Company fail to agree as to the amount of loss, each shall, on the written demand of either made within (60) sixty days after receipt of proof of loss by The Company select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for (15) fifteen days to agree upon such umpire, then on the request of the Insured or the Company such umpire shall be selected by a judge of a court of record in the State in which such appraisal is pending.

The appraisers shall then appraise the loss, stating separately the current market value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Insured and the Company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Company shall not be held to have waived any of its rights by any act relating to appraisal.

25. CANCELLATION:

This policy may be cancelled by the Insured by surrender thereof to the Company or by mailing to the Company written notice stating when thereafter such cancellation shall be effective. This policy may be cancelled by the Company by mailing to the Insured at the address shown in this policy or last known address written notice stating when, not less than (45) forty-five days thereafter, such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date of the cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Insured or by the Company shall be equivalent to mailing.

If the Insured cancels, earned premiums shall be computed in accordance with the customary short rate table and procedure. If the Company cancel earned premiums shall be computed pro rata. Premium adjustments may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation becomes effective.

26. EXCESS INSURANCE:

Privilege is hereby granted to place excess insurance for amounts over and above the limits provided for hereunder. Furthermore, such excess insurance shall not be considered as "other insurance" as defined in paragraph 27 of this policy.

27. OTHER INSURANCE:

It is understood and agreed that any insurance granted herein shall not cover (except as to the legal liability of the Insured) when there is any other insurance which would attach if this policy had not been issued, whether such insurance be in the name of the Insured or of any third party. It is, however, understood and agreed, that if under the terms of such other insurance (in the absence of this policy) the liability would be a less amount than would have been recoverable under this policy (in the absence of such other policy) then this policy attaches on the difference.

This clause, however, does not apply to insurance effected by the owner(s) of property loaned to the Insured. The existence of such other insurance or payment of a loss thereunder shall not constitute a defense to any claim otherwise payable under this policy, nor such other insurance be called upon to contribute to any loss payable hereunder.

28. CONFORMITY TO STATUTE:

Terms of this policy which are in conflict with the statutes of the State wherein this policy is issued are hereby amended to conform to such statutes.

29. ASSIGNMENT:

This policy shall be void if assigned or transferred without the written consent of the Company.

30. CONFORMANCE:

The terms and conditions of this form are to be regarded as substituted for those on the policy form if attached, the latter being hereby waived, except for such provisions as may be required by law.

In Witness Whereof, the Company has caused this policy to be signed by a duly authorized representative of the Company



Authorized Representative

ENDORSEMENT #1

Date: August 30, 2021

Endorsement: Effective as of Inception Date: July 1, 2021

Attached to and forming part of Policy No. UM00114896SP21A

Issued by: XL Specialty Insurance Company

For the Account of: The State of Tennessee, etal

NAMED INSURED

It is understood and agreed that the Named Insured is amended to read as follows:

THE STATE OF TENNESSEE

Including all its departments, agencies, institutions and divisions, including The University of Tennessee System and the Tennessee Board of Regents system and subsidiaries, Austin Peay State University, East Tennessee State University, Middle Tennessee State University, Tennessee State University, Tennessee Technological University, University of Memphis and associated companies and/or corporations and the Insured's interest in partnerships and joint ventured as now exist or may hereafter be constituted or acquired and any party which the Insured is responsible to insure.

All other terms and conditions remain unchanged.

In Witness Whereof, the Company has caused this endorsement to be signed by a duly authorized representative of the Company.



Authorized Representative

ENDORSEMENT #2

Date: August 30, 2021

Endorsement: Effective as of Inception Date: July 1, 2021

Attached to and forming part of Policy No. UM00114896SP21A

Issued by: XL Specialty Insurance Company

For the Account of: The State of Tennessee, etal

LOSS DEDUCTIBLE CLAUSE:

In consideration of the premium charged, with respect to loss covered under this policy, the Company shall be liable only when such loss in each occurrence exceeds see below and then only for the amount of such excess.

As respects losses on owned property and owned collections, a \$2,500 deductible applies.

As respects loaned or consigned property, no deductible applies.

As respects vandalism on outdoor sculptures, a \$10,000 deductible applies.


As respects losses by windstorm/hurricane and/or flood, a \$10,000 per location deductible applies with a maximum deductible of \$100,000 per any one storm.

All other terms and conditions remain unchanged.

In Witness Whereof, the Company has caused this endorsement to be signed by a duly authorized representative of the Company.



Authorized Representative

 Arthur J. Gallagher & Co.

ENDORSEMENT #3

Date: August 30, 2021

Endorsement: Effective as of Inception Date: July 1, 2021

Attached to and forming part of Policy No. UM00114896SP21A

Issued by: XL Specialty Insurance Company

For the Account of: The State of Tennessee, etal

CURRENCY FLUCTUATION:


It is understood and agreed that the values applied to this policy may be insured in foreign currency insofar as such insurance is authorized by applicable law and regulations.

For purpose of application of the maximum limits fixed in this policy in U.S. dollars, the foreign currencies shall be converted into dollars at the rates in effect on the date of the declaration of insured interest. The values thus applied shall thereafter remain covered for the amount insured in foreign currency, notwithstanding subsequent fluctuations in the rate of exchange.

All other terms and conditions remain unchanged.

In Witness Whereof, the Company has caused this endorsement to be signed by a duly authorized representative of the Company.


Authorized Representative

 Arthur J. Gallagher & Co.

ENDORSEMENT #4

Date: August 30, 2021

Endorsement: Effective as of Inception Date: July 1, 2021

Attached to and forming part of Policy No. UM00114896SP21A

Issued by: XL Specialty Insurance Company

For the Account of: The State of Tennessee, etal


U.S INDEMNITY DEDUCTIBLE COVERAGE:

It is understood and agreed that this policy can be used to cover the deductible under the US government indemnity program up to \$500,000. The exclusions for war risks, government action and nuclear risks contained within this policy shall still be in effect under this coverage, although not excluded by the U.S. Arts & Artifacts Indemnity policy wording. The deductible amount covered is in addition to the limits of liability shown on the Declaration Page. No deductible applies to this coverage.

All other terms and conditions remain unchanged.

In Witness Whereof, the Company has caused this endorsement to be signed by a duly authorized representative of the Company.


Authorized Representative

 Arthur J. Gallagher & Co.

ENDORSEMENT #5

Date: August 30, 2021

Endorsement: Effective as of Inception Date: July 1, 2021

Attached to and forming part of Policy No. UM00114896SP21A

Issued by: XL Specialty Insurance Company

For the Account of: The State of Tennessee, etal

Museum Clause:

Where the Insured is required by way of contract, due to national patrimony, the following clause shall apply: Notwithstanding the nature and total amount of the damage, Insured Property for which total loss has been paid, shall remain the property of the person or persons who legally held the ownership at the time immediately prior to the loss, and the amount payable shall not exceed the insured value agreed to between the Insured and owners. If Insured Property is lost and later recovered, General Conditions, item 11., Loss Buy Back, shall apply.

All other terms and conditions remain unchanged.

In Witness Whereof, the Company has caused this endorsement to be signed by a duly authorized representative of the Company.



Authorized Representative

ENDORSEMENT #6

Date: August 30, 2021

Endorsement: Effective as of Inception Date: July 1, 2021

Attached to and forming part of Policy No. UM00114896SP21A

Issued by: XL Specialty Insurance Company

For the Account of: The State of Tennessee, etal

ADDITIONAL LIABILITY COVERAGES – LEGAL EXPENSES ONLY

Coverage subject to applicable policy deductible.

LIMITS OF LIABILITY

\$150,000 for each and every claim, and in the aggregate, covered by this Endorsement.

LEGAL EXPENSES

We will pay for reasonable legal fees and costs you incur up to the Limits of Liability in the defense of claims made against you for:

- 1) Lack of title or defective title to property covered under this policy;
- 2) Confiscation of property covered under this policy;
- 3) Misrepresentation in the sale of property covered under this policy.

Provided however, you were not aware of such claim and you gave us prior notice before incurring any legal fees or costs. This coverage only applies to claims first made against you and reported to us during Insured Retention has been paid. Regardless of the number and type of claims or the number of pieces of property involved, Insurers duty to pay these legal fees and costs ends when it has paid the Limits of Liability. Insurers shall have no duty to indemnify you or pay any legal damages, penalties or fines arising out of or connected to any such claims.

Exclusions

This coverage does not apply to:

- 1) Any claims for defective title or lack of title that was known by you prior to taking possession of the property, or could have been discovered by you by making reasonable and proper inquiries as to the property's provenance before receiving it.

ADDITIONAL LIABILITY COVERAGES – LEGAL EXPENSES ONLY

- 2) Any claims of misrepresentation that were known by you prior to sale of the property, or could have been discovered by you by making reasonable and proper inquiries as to the property's provenance before selling it.
- 3) Any debt incurred by you from a pledge or lien on the article; or arising from your bankruptcy, insolvency, receivership, liquidation or other financial restructuring or difficulties.
- 4) Any claims arising from allegations of criminal activity by you.

All other terms and conditions remain unchanged.

In Witness Whereof, the Company has caused this endorsement to be signed by a duly authorized representative of the Company.



Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FINE ART & SPECIE PROGRAM

CONDITIONS REFERENCE ENDORSEMENT

This endorsement modifies insurance provided under the following:

INLAND MARINE COVERAGE PART
INLAND MARINE COVERAGE FORM

Throughout the amendatory forms and conditions, references to either Coverage Parts or Coverage Forms are to be considered synonymous.

Throughout the amendatory forms and conditions the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

The Product Coverage Form shall take precedence over the Common Policy Conditions and Inland Marine Conditions. These condition forms apply only when any condition(s) are not found in the Product Coverage Form. Any state specific amendatory shall supersede any condition(s) to the contrary stated in the entire policy.

Limited Cyber Coverage Clause
(Targeted Cyber Attack Write-Back)

- 1 Subject to paragraphs 3, 4 and 6 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 for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.
- 2 Subject always to all the terms and conditions of the policy to which this clause attaches, this insurance covers physical loss or physical damage to the property insured caused by or contributed to by or arising from the use or operation of any computer, computer system, computer software programme, computer process or any other electronic system, if such use or operation is not as a means for inflicting harm.
- 3 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 belligerent power, or terrorism or any person acting from a political motive, paragraph 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 tangible weapon or missile.
- 4 It is understood and agreed that paragraph 1 shall not apply to an otherwise covered physical loss of or physical damage to the property insured caused by a Targeted Cyber Attack. The burden of proving cover under this write-back shall be on the Insured.
- 5 For the purpose of paragraph 4, Targeted Cyber Attack means 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 where the motive is to inflict harm solely on (or upon) the Insured or the Insured's property.
- 6 Property insured by this policy does not include electronic data, unless and to the extent that this is expressly stated otherwise elsewhere in this policy.

JS2019-006
22 November 2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FINE ART & SPECIE PROGRAM

INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE

This endorsement modifies insurance provided under the following:

INLAND MARINE COVERAGE PART
INLAND MARINE COVERAGE FORM

Inserted is the "Institute Radioactive Contamination, chemical, biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause" CL 370

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith

1. In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from:
 - 1.1 ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
 - 1.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
 - 1.3 any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
 - 1.4 the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes;
 - 1.5 any chemical, biological, bio-chemical, or electromagnetic weapon.

COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

LOSS CONDITIONS

A. Abandonment

There can be no abandonment of any property to us.

B. Appraisal

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

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

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

C. Duties In The Event Of Loss

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

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

5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.

10. Cooperate with us in the investigation or settlement of the claim.

D. Insurance Under Two Or More Coverages

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

E. Loss Payment

1. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
2. We will not pay you more than your financial interest in the Covered Property.
3. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
4. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

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

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

6. We will not be liable for any part of a loss that has been paid or made good by others.

F. Other Insurance

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.

2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

G. Pair, Sets Or Parts

1. Pair Or Set

In case of loss or damage to any part of a pair or set we may:

- a. Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- b. Pay the difference between the value of the pair or set before and after the loss or damage.

2. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. Recovered Property

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

I. Reinstatement Of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

J. Transfer Of Rights Of Recovery Against Others To Us

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

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

This will not restrict your insurance.

GENERAL CONDITIONS

A. Concealment, Misrepresentation Or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

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

B. Control Of Property

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

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

C. Legal Action Against Us

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

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the direct loss or damage.

D. No Benefit To Bailee

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

E. Policy Period, Coverage Territory

We cover loss or damage commencing:

1. During the policy period shown in the Declarations; and
2. Within the coverage territory.

F. Valuation

The value of property will be the least of the following amounts:

1. The actual cash value of that property;

2. The cost of reasonably restoring that property to its condition immediately before loss or damage; or
3. The cost of replacing that property with substantially identical property.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage.

COMMON POLICY CONDITIONS

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

A. Cancellation

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

B. Changes

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

C. Examination Of Your Books And Records

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

D. Inspections And Surveys

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

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

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

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

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

E. Premiums

The first Named Insured shown in the Declarations:

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

F. Transfer Of Your Rights And Duties Under This Policy

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TENNESSEE CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph **5.** of the **Cancellation** Common Policy Condition is replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due.

The refund will be pro rata if:

- a.** We cancel; or
- b.** The policy is cancelled at the request of a premium finance company that has financed this policy under a premium finance agreement.

The refund may be less than pro rata if the first Named Insured cancels the policy.

The cancellation will be effective even if we have not made or offered a refund.

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

CANCELLATION OF POLICIES IN EFFECT FOR 60 DAYS OR MORE

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- 1.** Nonpayment of premium, including any additional premium, calculated in accordance with our current rating manual, justified by a physical change in the insured property or a change in its occupancy or use;

2. Your conviction of a crime increasing any hazard insured against;

3. Discovery of fraud or material misrepresentation on the part of either of the following:

- a.** You or your representative in obtaining this insurance; or
- b.** You in pursuing a claim under this policy;

4. Failure to comply with written loss control recommendations;

5. Material change in the risk which increases the risk of loss after we issued or renewed insurance coverage;

6. Determination by the insurance commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of Tennessee or any other state;

7. Your violation or breach of any policy terms or conditions; or

8. Other reasons that are approved by the insurance commissioner.

Notice of cancellation will state the reason for cancellation.

- C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and agent, at least 60 days before the expiration date unless:
 - a. We have offered to issue a renewal policy; or
 - b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.
2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's addresses shown in the policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

- D. The following is added to the **Premiums** Common Policy Condition:

Whenever an insurance policy which is financed with a premium finance company is cancelled, the insurer shall return, within 30 days after the effective date of the cancellation, whatever gross unearned premiums are due under the insurance policy directly to the premium finance company for the account of the first Named Insured.

IN WITNESS

XL SPECIALTY INSURANCE COMPANY

REGULATORY OFFICE
505 EAGLEVIEW BOULEVARD, SUITE 100
DEPARTMENT: REGULATORY
EXTON, PA 19341-1120
PHONE: 800-688-1840

It is hereby agreed and understood that the following In Witness Clause supercedes any and all other In Witness clauses in this policy.

All other provisions remain unchanged.

IN WITNESS WHEREOF, the Company has caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by a duly authorized representative of the Company.



Joseph Tocco
President



Toni Ann Perkins
Secretary

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

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

A. Cap On Certified Terrorism Losses

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

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

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

B. Application Of Exclusions

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