

NO. 65305525

2

COVERAGE IS PROVIDED IN THE
COMPANY DESIGNATED BY NUMBERA STOCK INSURANCE COMPANY
(HEREIN CALLED THE COMPANY)1 NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA

2 LEXINGTON INSURANCE COMPANY

65305445

RENEWAL OF NUMBER

Insured's Name and Address:

**Phosphate Holdings, Inc.
P.O. Box 848
Pascagoula, MS 39568**POLICY PERIOD FROM: 12/22/2014 TO: 12/22/2015 12:01 AM STANDARD TIME
AT PLACE OF ISSUANCE: New York, NY YEARS: 1**EXECUTIVE OFFICES**
175 Water Street,
NEW YORK, N.Y. 10038

TOTAL PREMIUM				PREMIUM PAYABLE		
LIMIT OF LIABILITY	RATE	PREMIUM (IF PAID IN FULL AT INCEPTION)	TOTAL PREMIUM IF PAID ANNUALLY	AT INCEPTION	AT FIRST ANNIVERSARY	AT SECOND ANNIVERSARY
\$ * See below	\$ Various	\$ * See below	\$ * See below	\$ * See below	\$	\$
				15%	Brokerage Commission	

In consideration of the payment of the premium specified above, the Company does insure the Insured named above, hereinafter called the Insured, whose address is shown above, from the inception date shown above, at 12:01 A.M. (Standard Time), to the expiration date shown above, at 12:01 A.M. (Standard Time), at place of issuance to an amount not exceeding the Limit of Liability specified above, or as described in the forms and endorsements attached hereto.

*Limit of Liability: \$15,000,000 that being 30% part of \$50,000,000 per occurrence excess of Deductibles.

Form: Per the attached Lloyds Primary Manuscript Policy, pages 1-43, including Endorsement Nos.1-15- plus Lexington Insurance Endorsements No. 16 to 22.

Premium All Risk: \$450,000 that being 30% of \$1,500,000.

Total Due: \$450,000

Authorized representative

CONDITIONS

1. **Territorial Limits.** This policy covers only within the limits of the United States.
2. **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.
3. **Notice of Loss.** The Insured shall as soon as practicable report in writing to the Company or its agent every loss, damage or occurrence which may give rise to a claim under this policy and shall also file with the Company or its agent within ninety (90) days from date of discovery of such loss, damage or occurrence, a detailed sworn proof of loss.
4. **Examination Under Oath.** The Insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and shall submit and in so far as in within his or their power, cause his or their employees, members of the household and others to submit to examination under oath by any person named by the Company and subscribe the same; and, as often as may be reasonably required, shall produce for examination all writings, books of accounts, bills, invoices and other vouchers, or certified copies thereof if originals be lost, as such reasonable time and place as may be designated by the Company or its representative and shall permit extracts and copies thereof to be made. No such examination under oath or examination of books or documents, nor any other act of the Company or any of its employees or representatives in connection with the investigation of any loss of claim hereunder, shall be deemed a waiver of any defense which the Company might otherwise have respect to any loss or claim, but such examinations and acts shall be deemed to have been made or done without prejudice to the Company's liability.
5. **Valuation.** The Company shall not be liable beyond the actual cash value of the property at the time of any loss or damage occurs and the loss or damage shall be ascertained or estimated according to such actual cash value with proper deduction for depreciation, however caused, and shall in no event exceed with its would then cost to repair or replace the same with material of like kind and quality.
6. **Settlement of Loss.** All adjusted claims shall be paid or made good to the Insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the Insured has collected the same from others.
7. **No Benefit to Bailee.** This insurance shall in no way inure directly or indirectly to the benefits of any carrier or other bailee.
8. **Subrogation or Loan.** If, in the event of loss or damage, the Insured shall acquire any right of action against any individual, firm or corporation for loss of, or damage to, property covered hereunder, the Insured will, if requested by the Company, assign and transfer such claim or right or action to the Company or, at the Company's option, execute and deliver to the Company the customary form of loan receipt upon receiving and advance of funds in respect of the loss or damage, and will subrogate the Company to, or will hold in trust for the Company all such rights of action to the extent of the amount paid or advanced, and will permit suit to be brought in the Insured's name under the direction of and at the expense of the Company.
9. **Reinstatement.** (a) Scheduled Property – The amount of insurance and the applicable limit of liability, upon the occurrence of any loss covered hereunder, is reduced by the amount of such loss. (b) Unscheduled Property – Each claim paid hereunder reduces the amount of insurance by the sum paid, but the amount of such loss shall be reinstated automatically and a pro rata additional premium shall be payable from the date of the occurrence when the amount of such loss is determined.
10. **Pair or Set.** In the event of loss or damage to any article or articles which are part of a pair or set, the measure of loss or damage to such article or articles shall be reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event shall be construed to mean total loss of the pair or set.
11. **Parts.** In the event of loss of or damage to any part of Insured property consisting when complete for use, of several parts, the Company shall only be liable for value of the part lost or damaged.
12. **Machinery.** In the event of loss of or damage to machinery consisting, when complete for sale or use of several parts, the Company shall only be liable for the value of the part(s) lost or damaged, including the cost of installation.
13. **Labels.** In the event of loss of or damage to labels, capsules or wrappers, the loss shall be adjusted on the basis of an amount sufficient to pay the cost of new labels, capsules or wrappers.
14. **Impairment of Recovery Rights.** Any act or agreement by the Insured before or after loss or damage whereby any right of the Insured to recover in whole or in part for loss or damage to property Insured hereunder against any carrier, bailee or other party liable therefore, is released, impaired or lost, shall render this policy null and void, but the Company's right to retain or recover the premium shall not be affected. The Company is not liable for any loss or damage which, without its written consent, has been settled or compromised by the Insured. It shall, however, be permissible for the Insured, without prejudice to this Insurance, to accept the ordinary bills of lading or shipping receipts Insured by carriers limiting their liability to less than the actual value.
15. **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 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.
16. **Company's Options.** It shall be optional with the Company to take all, or any part, of the property at the agreed of appraised value, or to repair, rebuild or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention to do so within sixty (60) days after the receipt of the proof of loss herein required.
17. **Abandonment.** There can be no abandonment to the Company of any property.
18. **Suit.** No suit, action or proceeding for the recovery of any claim under this policy shall be sustainable in any court of law or equity unless the same be commenced within twenty four (24) 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.
19. **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 sixty (60) 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 fifteen (15) 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 cash 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

CONDITIONS

appraisal and umpire. The Company shall not be held to have waived any of its rights by an act relating to appraisal.

20. **Assignment of Policy.** This policy shall be void if assigned or transferred without the written consent of this Company.

21. **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 thirty (30) 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 cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by 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 cancels, earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effective and, if not then made, shall be made as soon as practicable after cancellation becomes effective. The Company's check or the check of its

representative mailed or delivered as aforesaid shall be a sufficient tender of any refund of premium due to the Insured.

22. **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.

23. **Changes.** Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop the Company from asserting any right under the terms of this policy, nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.

24. **Other Insurance.** If at the time of loss or damage, there is available to a named or unnamed insured or any other interested party any other insurance which would apply in the absence of this policy, the insurance under this policy shall apply only as excess insurance over such other insurance.

25. **Examination of Records.** The Insured shall, as often as may be reasonably required during the term of this policy and for one year thereafter, produce for examination by the Company or its duly authorized representative all the books and records, inventories and accounts relating to the property covered hereunder.

EXCLUSIONS

PERILS EXCLUDED: This policy does not insure against loss, damage or expense caused directly or indirectly by:

- A. (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 an agent of any government, power, authority or forces;
- (2) Any weapon of war employing atomic fission or radioactive force whether in time of peace or war, or
- (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.
- B. 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.

In Witness Whereof, this policy has been executed by the President and Secretary of the Company, but this policy shall not be valid unless signed at the time of issuance by an authorized representative of the Insurer on the Declarations page of the policy.



SECRETARY

National Union Fire Insurance Company of Pittsburgh, Pa



PRESIDENT

National Union Fire Insurance Company of Pittsburgh, Pa

Authorized representative

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LEXINGTON INSURANCE COMPANY ENDORSEMENTS:

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- NO. 20 - IDLE PLANT**
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PHOSPHATE HOLDINGS, INC.

Phosphate Holdings, Inc., Mississippi Phosphates Corporation, Ammonia Tank Subsidiary, Inc., Sulfuric Acid Tanks Subsidiary, Inc. and its affiliated, subsidiary and associated companies and/or corporations, partnerships, joint ventures, individuals as now exist or may hereafter be constituted or acquired, including their interest in joint ventures and the interest of others in such joint ventures or any other party in interest that is required by contract to be named, hereinafter referred to as the "Insured".

HEREINAFTER REFERRED TO AS THE "INSURED"**1. TERM OF INSURANCE**

In consideration of the premium set forth elsewhere herein, this policy issued by the various Insurer(s) as set forth in the attached Schedule, hereinafter referred to as Insurer(s), attaches and covers for a period from December 22, 2014 to December 22, 2015 beginning and ending 12:01 A. M., standard time at location of property insured.

2. LIMITS OF LIABILITY

Except as otherwise specified herein or by endorsement hereto, this policy provides coverage, up to USD50,000,000 each and every occurrence and in the aggregate annually separately in respect of Flood and Earthquake Shock, which is in turn excess of deductibles.

The annual aggregate limits herein in respect of Flood and Earthquake Shock shall apply in full for the period 22nd December 2014 to 22nd December 2015, all dates at 12.01 a.m. Standard Time at the location of the Property Insured.

The term "Occurrence" is defined as a loss or series of losses arising out of one event.

PROGRAM SUBLIMITS

(To apply Per Occurrence Unless Otherwise Stated and Excess of the Primary Policy Deductibles)

USD 5,000,000	each and every occurrence as respects Business Interruption.
USD 50,000,000	each and every occurrence and in the annual aggregate as respects Flood.
USD 50,000,000	each and every occurrence and in the annual aggregate as respects Earthquake Shock.
USD 50,000,000	each and every occurrence as respects Named Windstorm (Named Windstorm includes wind driven water, storm surge, tidal / sea surge).

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USD 20,000,000	each and every occurrence as respects Off Premises Service Interruption.
USD 20,000,000	each and every occurrence as respects Extra Expense.
USD 20,000,000	each and every occurrence as respects Contingent Time Element.
USD 10,000,000	each and every occurrence as respects Demolition and Increased Cost of Construction.
USD 10,000,000	each and every occurrence as respects Errors and Omissions.
USD 10,000,000	each and every occurrence as respects Leasehold Interest.
USD 5,000,000	each and every occurrence as respects Expediting Expenses.
USD 5,000,000	each and every occurrence as respects Property in Transit.
USD 5,000,000 or 25% of the loss whichever the greater	each and every occurrence as respects Debris Removal.
30 days but not to exceed USD 5,000,000	each and every occurrence as respects Ingress / Egress. This coverage is further limited to losses occurring within a five mile radius of the property insured.
30 days but not to exceed USD 5,000,000	each and every occurrence as respects Civil / Military Authorities. This coverage is further limited to losses occurring within a five mile radius of the property insured.
30 days but not to exceed USD 5,000,000	each and every occurrence as respects Impounded Water.
USD 5,000,000	each and every occurrence as respects Valuable Papers.
USD 5,000,000	each and every occurrence as respects Soft Costs.
USD 5,000,000	each and every occurrence as respects Fine Arts.
USD 5,000,000	each and every occurrence and in the annual aggregate as respects Pollution Cleanup.
USD 3,000,000	each and every occurrence as respects Fire Brigade Charges and Extinguishing Expense.
USD 500,000	each and every occurrence as respects Professional Fees, excluding legal fees and Public Adjuster fees.

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USD 5,000,000 each and every occurrence as respects Rental Income / Values.

3. DEDUCTIBLES

All losses, damages, or expenses arising out of any one occurrence shall be adjusted as one loss, and from the amount of such adjusted loss shall be deducted the sum as outlined in the following paragraphs:

The following each and every occurrence deductibles shall apply:

USD1,000,000 each and every occurrence in respect of Property Damage / 30 days Waiting Period in respect of Time Element; other than

USD250,000 each and every occurrence in respect of Property Damage / Time Element combined for the Distribution, Office & Miscellaneous Outside Locations;

3% of 100% Total Insurable Values of the affected locations in respect Property Damage / Time Element for Named Windstorm;

4. LOSS PAYABLE

Loss, if any, shall be adjusted with and payable to the Insured as applicable or their order, whose receipt shall constitute a release in full of all liability under this policy with respects to such loss.

5. TERRITORY

United States of America, the District of Columbia and Canada including whilst in due course of transit but Worldwide in respect of Contingent Time Element, but excluding Countries and Territories under United States sanctions, as per schedule of values seen and agreed by Underwriters.

6. PROPERTY DAMAGE COVERAGE:

Except as hereinafter excluded, this policy covers:

- a) The interest of the Insured in real and personal property, including improvements and betterments, owned or used by the Insured, or hereafter constructed, erected, installed, or acquired including while in incidental course of construction, renovation, erection, installation during testing and operations and assembly and including Temporary Structures. In the event of insured physical loss or damage, Insurer(s) agree to accept and consider the Insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or leases to the contrary.

Coverage in respect of performance testing shall apply whilst conforming to 100% Contract Design Criteria.

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- b) The interest of the Insured in the real and personal property of others care, custody or control of the Insured for which the Insured is legally liable to insure.
- c) At the option of the Insured, personal property of the Insured's officials and employees while on premises of the Insured.
- d) Contractors' interest in property covered to the extent of the Insured's liability imposed by law or assumed by contract whether written or oral.
- e) Valuable papers and records, defined as written, printed or otherwise inscribed documents and records, including but not limited to accounts receivable, books, maps, films, drawings, abstracts, deeds, mortgages, micro inscribed documents, manuscripts and media.
- f) Property in transit, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading in temporary storage, including temporary storage on any conveyance intended for use for any outbound or used for inbound shipment including during deviation and delay until safely delivered into place of final destination. This coverage does not apply to any shipment while covered by an ocean cargo bill of lading.
- g) Expediting Expense. The reasonable extra cost of temporary repair and of expediting the repair of damaged property insured hereunder, including but not limited to overtime and express freight or other rapid means of transportation.

7. TIME ELEMENT COVERAGE

Except hereinafter excluded, this policy covers:

a) Business Interruption

- i) Loss resulting from necessary interruption of business conducted by the Insured and caused by direct physical loss or direct physical damage by any of the perils covered herein during the term of this policy to real and personal property as described in Section 6. Such loss shall be adjusted on the basis of ACTUAL LOSS SUSTAINED by the Insured during the Period of Recovery, consisting of the net profit which is thereby prevented from being earned and of all charges and expenses (including Payroll), only to the extent that they must necessarily continue during the interruption of business, and only to the extent to which they would have been earned had no loss occurred. Payroll is defined to be the entire payroll expense for all employees of the Insured.
- ii) In the event of direct physical loss or direct physical damage to property described in Sections 6.a), Real & Personal Property, caused by any of the perils covered herein, which results in an interruption of research and development activities which in themselves would not have produced income during the indemnity period, this policy shall cover the actual loss

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sustained of the continuing fixed charges and expenses, including payroll directly attributable to such research and development activities.

- iii) **Finished Stock:** However, this policy does not cover any loss resulting from damage to or destruction of finished stock. Finished stock shall mean stock manufactured by the Insured which in the ordinary course of the Insured's business is ready for packing, shipment, or sale.
- iv) **Resumption of Operations:** It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business;
 - a) by a complete or partial resumption of operation of the property insured, whether damaged or not, or
 - b) by making use of available stock, merchandise or other property,
 such reduction shall be taken into account in arriving at the amount of Loss hereunder.
- v) **Experience of Business:**
 - a) in determining the amount of net profit, charges and expenses covered hereunder for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to the experience of the business before the date of damage or destruction and to the probable experience thereafter had no loss occurred.
 - b) with respect to alterations, additions, and property while in the course of construction, erection, installation, or assembly, due consideration shall be given to the available experience of the business after completion of the construction, erection, installation, or assembly.

b) Extra Expense

The reasonable and necessary extra expense incurred by the Insured resulting from direct physical loss or damage to insured property by any of the perils herein during the term of this policy. Extra expense shall mean the excess of the total cost during the Period of Recovery of the damaged property chargeable to the operation of the Insured's business over and above the total cost that would normally have been incurred to temporary continue as nearly normal as practicable the conduct of the business during the same period had no loss or damage occurred.

c) Expense to Reduce Loss

Such expenses as are necessarily incurred for the purpose of reducing any loss under this policy. Such expenses may not exceed the amount by which the loss under this policy is thereby reduced.

d) Off Premises Service Interruption

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Actual loss sustained by the Insured during the Period of Recovery resulting from direct physical loss or damage by the perils insured against, to property of a type insured by this Policy of suppliers of electricity, steam, gas, water, sewage, telephone and related plants, substations and equipment situated on or outside of the premises within the Policy's Territory that immediately prevents in whole or in part the delivery of such usable services. Notwithstanding the foregoing, suppliers of gas to the Insured shall not be limited to those within the Policy's Territory.

Underwriters will not be liable if the interruption of such services is caused directly or indirectly by loss or damage to overhead transmission lines located beyond ten miles of the affected location.

e) Contingent Time Element

Actual loss sustained by the Insured during the Period of Recovery resulting from direct physical loss or damage by the perils insured against, to property of the type insured by this Policy of direct suppliers of goods and services to the Insured. Also, those direct receivers of goods or services from the Insured. The terms "suppliers" and "receivers" does not include any company supplying or receiving from the Insured any of the services detailed in d) Off Premises Service Interruption above.

f) Interdependency

Actual loss sustained by the Insured during the Period of Recovery resulting from direct physical loss or damage by the perils insured against, to property at all facilities either owned or operated by the Insured that are interdependent of one another when such property is of a type not excluded by this policy.

g) Impounded Water

Actual loss sustained for a period of up to 30 consecutive days, resulting when water used as a raw material or used for power or for other manufacturing purposes by the Insured, stored behind dams or reservoirs or similar structures is released from storage as a result of physical damage by a peril insured herein.

h) Special Extension of Coverage

Actual loss sustained by the Insured, if, as a result of physical damage by a peril insured against, to property of a type insured situated within five miles of the insured location access to or use of real and personal property of the Insured is impaired, including by order of civil and military authority. This coverage shall commence when actions are taken to secure the facility and shall cease when the peril or accident involved no longer threatens the facility or prevents use of or access to the facility, limited to the sublimit contained herein.

i) Rental Income/Value

Loss of rental income / value which shall mean the loss of rental value of property as described elsewhere herein.

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Recovery in the event of loss shall be the actual loss sustained by the Insured resulting directly from necessary untenability, caused by direct physical loss, direct physical damage or destruction by any of the perils covered herein during the period of this policy to real and personal property as described elsewhere herein as furnished and equipped by the Insured and whether rented at the time or not, but not exceeding the reduction in rental income / value less charges and expenses which do not necessarily continue during the untenability, for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property as has been damaged, commencing with the date of such damage and not limited by the date of expiration of this Policy.

This period of time does not include any additional time required for making any change(s) to such property for any reason except as provided for elsewhere herein, nor for any additional time required for re-staffing or retraining employees, nor any additional time due to the Insured's inability to resume operations regardless of the reason.

If the Insured is the lessor, rental income / value shall mean the sum of the following:

- A. the total anticipated gross rental income from tenant occupancy of the described property as furnished and equipped by the Insured;
- B. the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and
- C. the fair rental value of any portion of said property which is occupied by the Insured.

If the Insured is the lessee, rental income / value shall mean the determined rental which the Insured is obligated to pay including all incidental charges for which the Insured is liable, less any charges and expenses which do not necessarily continue.

This Policy does not insure any loss of rental income during the period in which the insured property would not have been tenantable for any reason other than an insured loss.

j) Leasehold Interest

Loss or damage insured herein during the term of this policy, to real property which is leased by the Insured, this policy is extended as follows:

- 1. If as a result of insured physical loss or damage the property becomes wholly untenable or unusable and the lease agreement requires continuation of the rent, the Insurer(s) shall indemnify the Insured for the actual rent payable for the unexpired term of the lease; or
- 2. If as a result of insured physical loss or damage the property becomes partially untenable or unusable and the lease agreement requires

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continuation of the rent, the Insurer(s) shall indemnify the Insured for the actual rent payable for the unexpired term of the rent thereto; or

3. If as a result of such insured physical loss or damage the lease is cancelled by the lessor pursuant to the lease agreement or by operation of law, Insurer(s) shall indemnify the Insured for its Lease Interest for the first three months following the loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease, provided that the Insurer(s) shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option under the lease and provided further that the Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from another source to reduce the loss hereunder.

Definitions

1. Lease Interest

The excess rent paid for the same or similar replacement property over the actual rent payable plus cash bonuses or advance rent paid (including any maintenance or operating charges) for each month during the unexpired term of the Insured's lease.

2. Net Lease Interest

The sum which placed at six per cent (6%) interest compounded annually would equal the Lease Interest (less any amounts otherwise payable hereunder).

k) Other Provisions Applicable to Time Element Coverage

i) Period of Recovery: The length of time for which loss may be claimed:

- a) shall not exceed such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair, replace and make ready for operation under the same or equivalent operating conditions that existed prior to the loss.
- b) is extended to indemnify the Insured for an additional period of 90 days in excess of the period previously noted to the extent necessary to regain lost market share and return to normal operating results.
- c) for alterations, additions, and property while in the incidental course of construction, erection, installation or assembly shall be determined as provided in Paragraph 7. a) i) above, but such determined length of time shall be applied as respects the experience of the business after the business has reached its planned level of production or level of business operations.

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- d) shall commence with the date of such loss or damage and shall not be limited by the date of expiration of this policy.
- ii) Special Exclusions: This policy does not insure against any:
 - a) increase of loss which may be occasioned by the suspension, lapse, or cancellation of any lease, license, contract, or order
 - b) increase of loss due to interference at the Insured's premises by strikers or other persons with rebuilding, repairing, or replacing the property damaged or destroyed, or with the resumption or continuation of business, or with the re-occupancy of the premises.

8. PROFESSIONAL'S FEES COVERAGE

This policy covers the necessary and reasonable fees incurred by auditors, accountants, architects, engineers or consultants for producing, preparing and certifying details of a claim resulting from a loss payable under the coverage provided by this policy. It is not the intent of this coverage to pay the costs of the Insured's own employees involved in producing, preparing or certifying the details of a claim. Legal Fees and Public Adjuster fees are also excluded.

9. PERILS INSURED AGAINST

This policy insures against all risks of direct physical loss or damage to property described herein occurring during the Policy Period including general average, salvage and all other charges on shipments covered hereunder, except as hereinafter excluded.

10. PERILS EXCLUDED

This policy does not insure:

- a) against any fraudulent or dishonest act or acts committed by the Insured or employees of the Insured at the direction of the Insured.
- b) the cost of making good defective design or specifications, faulty material, or faulty workmanship, unless physical loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage.
- c) against errors in processing or manufacture of the Insured's product unless physical loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage.
- d) against normal wear, tear, or gradual deterioration, inherent vice, latent defect, termites, moths, vermin, smog, shrinkage, evaporation, loss of weight, rust, corrosion, erosion, wet or dry rot, change in flavor or texture or finish, unless physical loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage.

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- e) evaporation, mixing, shortage, seepage, spillage or leakage unless physical loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage.
- f) against normal settling, cracking, bulging, expansion or shrinkage of walls, floors, or ceiling unless physical loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage.
- g) loss of market or delay except as provided for elsewhere herein.
- h) against loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination, unless other insured loss or damage ensues, and then only for the ensuing loss or damage. However, this exclusion does not apply to loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage from material used or stored or from processes conducted on the insured premises and provided at the time of loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises.
- i) War:
 - i) against hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending, or expected attack (i) by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air force; (ii) or by military, naval, or air forces; (iii) or by an agent of any such government, power, authority, or forces;
 - ii) any weapon employing atomic fission.
 - iii) rebellion, revolution, civil war, usurped power or action taken by governmental authority in hindering, combating, or defending against such occurrence.
 - iv) seizure or destruction by order of public authority, except destruction by order of public authority to prevent spread of fire or explosion resulting from (i), (ii) and (iii) above.
 - v) risks of contraband or illegal trade.
- j) mysterious disappearance, loss or shortage disclosed on taking inventory or any unexplained loss.

Exclusions b), c), d), e), f) g) and h) shall not apply to property in transit.

Exclusion c), d), e), and f) shall not apply to alterations, additions, and property which is in the course of construction, erection, installation or assembly.

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Exclusion c) and e) shall not apply to Data Processing Equipment / Systems Software nor shall it apply to Valuable Papers and Records. It is understood that the exclusions shall apply, however, to computers which run the plant.

11. DEBRIS REMOVAL

- a) This insurance covers the necessary expense incurred by the Insured to remove debris on premises owned or used caused by any of the perils insured against in this policy. The total liability in any one occurrence under this policy for removal of debris shall not exceed the amounts specified in Paragraph 2, Limits of Liability. This provision does not increase any amounts or limits of insurance in this policy. This does not cover expenses to:
 - i) Remove Pollutants, from land or water, nor remove, restore or replace polluted land or water; or
 - ii) Remove or transport any property or debris to a site for storage or decontamination required because the property or debris is affected by pollutants, whether or not such removal, transport, or decontamination is required by law or regulation; or
 - iii) Remove any property or debris which discharges, releases, or escapes into or upon any watercourse or body of water above or below ground, on or off the insured premises.
- b) No liability shall exist under this Debris Removal Clause unless such expenses are reported in writing to the Insurer(s) within one hundred and eighty (180) days of the date of direct loss.

12. POLLUTION CLEAN-UP:

This policy is extended to cover the expenses incurred by the Insured for the cleanup and removal of Pollutants from the covered premises if the release, discharge, dispersal, migration, or seepage of these substances results from any physical loss or damage insured by this Policy occurring during the term of this policy, however:

- a) This policy does not insure against loss caused by or resulting from the release, discharge or dispersal of Pollutants unless the release, discharge or dispersal is caused by a peril insured herein.
- b) This policy does not insure off-premises cleanup costs from any cause and the coverage afforded by this clause shall not be construed otherwise.
- c) Coverage provided under this section is subject to the sub-limit as stated herein.

Definition of Pollutants. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, bacteria, virus, waste, (waste includes materials to be recycled, reconditioned or reclaimed) or hazardous substances as listed in the Federal Water Pollution Control Act,

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Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act, or as designated by the U.S. Environmental Protection Agency.

13. PROPERTY EXCLUDED

This policy does not cover loss or damage to:

- a) Money, Securities, gold, silver, platinum or other precious metals or bullion, except that precious metals used as, or intended for use as, a catalyst are covered.
- b) Land, water other than water used in business operations, shrubs, lawns, growing crops, roads, standing timber, and animals, except for research animals.
- c) Watercraft, aircraft, motor vehicles and their contents, licensed for highway use when not on the Insured's premises, but this exclusion shall not apply to contractors equipment or stocks.
- d) Crude oil, natural gas or other minerals.
- e) Electrical transmission and distribution lines, except:
 - i) As covered under Off Premises Service Interruption provisions of Paragraph 7.
 - ii) On premises transmission and power lines utilized by the Insured.
- f) Oil and Gas drilling and producing platforms, including rigs, derricks and equipment.
- g) Dams, Dikes and levees except those owned or used by the Insured within their operations of the Gypsum Stack as per Schedule of Values seen and agreed by Underwriters.

14. VALUATION

In case of loss the basis of adjustment shall be as follows:

- a) Finished goods, at the Insured's selling price less all discounts and unincurred expenses.
- b) Catalyst, in use at Repair or Replacement cost less actual depletion at the time of loss for the specific catalyst involved. Stored Catalyst at Replacement Cost if actually replaced, otherwise at Actual Cash Value at time and place of loss.
- c) On raw material, supplies and other merchandise not manufactured by the Insured, the Repair or Replacement Cost if actually repaired or replaced, otherwise at Actual Cash Value at time and place of loss; on stock in process, the value of raw materials and labor expended plus the proper proportion of overhead charges.

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- d) Improvements and betterments, at Repair or Replacement Cost if actually repaired or replaced, otherwise at Actual Cash Value at time and place of loss.
- e) Buildings and structures, at Repair or Replacement Cost if actually repaired or replaced, otherwise Actual Cash Value at time and place of loss.
- f) Valuable papers and records at the cost to repair or replace the property with other of like kind and quality including the cost of gathering and/or assembling information.
- g) Exhibitions and displays at Repair or Replacement Cost.
- h) Fine Arts at appraised value at time of loss.
- i) General average and salvage shall apply where applicable.
- j) Other property not otherwise provided for, at Repair or Replacement Cost if actually repaired or replaced, otherwise Actual Cash Value at time and place of loss.

It is understood and agreed that as respects replacement cost new, the Insured shall have the option of replacement with electrical and mechanical 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 Insurer(s) liability.

The Insurer(s) total liability for Repair or Replacement value shall not exceed the smallest of:

1. the cost to repair, or
2. the cost to rebuild or replace with new materials of equivalent size, kind and quality, or
3. actual expenditure incurred in rebuilding, repairing or replacing the damaged or destroyed property on the same or another site, but not to exceed the size and operating capacity that existed at the time of loss.

The term Actual Cash Value wherever used in this Policy means the amount it would cost to repair or replace insured property, on the date of loss, with material of like kind and quality, with proper deduction for obsolescence and physical depreciation.

15. EARTHQUAKE, FLOOD AND WINDSTORM

- a) Each loss by earthquake, volcanic action, Windstorm or flood shall constitute a single loss hereunder:
 - i) If more than one earthquake shock or volcanic action, Windstorm occurs within any period of 72 hours during the term of this policy, the Insured may elect the moment when the 72 hour period will commence.

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ii) Or 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).

iii) Or if any flood results from any tidal wave or series of tidal waves caused by any one disturbance.

Such earthquake shocks, volcanic action, windstorm or flood shall be deemed to be a single occurrence within the meaning of this policy.

b) Should any time period referred to in this paragraph commence prior to and extend beyond the expiration date of this policy, all losses occurring during such period shall be covered as if such period fell entirely within the term of this policy .

c) However, this policy does not cover any loss caused by any earthquake shock, volcanic action, or flood occurring before the effective date and time or after the expiration date and time of this policy.

Definitions

Earthquake means any natural or man-made earth movement including, but not limited to earthquake, seaquake, volcanic eruption, landslide or subsidence and any ensuing tsunami regardless of any other cause or event contributing concurrently or in any other sequence of loss.

Flood means flood; rising waters; waves; tide or tidal water; the release of water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water; or the spray there from, surface waters or sewer back-up resulting from any of the foregoing

Named Windstorm means any atmospheric disturbance declared to be a Named Tropical Depression by the National Weather Service or the National Hurricane Centre and includes wind driven water, storm surge, tidal or sea surge.

16. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES

If property insured is destroyed or damaged by a peril insured against, this policy shall cover:

- a) Fire brigade charges and other extinguishing expenses for which the Insured may be assessed.
- b) Replacement cost of fire extinguishing materials expended.

17. DEMOLITION AND INCREASED COST OF CONSTRUCTION

In the event of physical loss or damage insured under this policy that causes the enforcement of any law or ordinance in force at the time of damage regulating the construction or repair of damaged facilities, this policy covers:

- a) The cost of demolishing the undamaged facility including the cost of clearing the site.

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- b) The proportion that the value of the undamaged part of the facility bears to the value of the entire facility prior to loss.
- c) Increased cost of repair or reconstruction of the damaged and undamaged facility on same or another site and limited to the minimum requirements of such law or ordinance regulating the repair or reconstruction of the damaged property on the same site. However, this policy does not cover any increased cost of construction loss unless the damaged facility is actually rebuilt or replaced.
- d) Any increase in the Time Element loss arising out of the additional time required to comply with said law or ordinance.

18. CONTRIBUTING INSURANCE

Contributing insurance is insurance written upon the same plan, terms, conditions and provisions as those contained in this policy. This insurance shall contribute in accordance with the conditions of this policy only with other contributing insurance as defined.

19. EXCESS INSURANCE

Excess insurance is insurance over the limits of liability set forth in this policy. The existence of such excess insurance shall not prejudice the coverage provided under this policy nor will it reduce any liability hereunder.

20. UNDERLYING INSURANCE

Underlying insurance is insurance on all or any part of the deductible and against all or any of the perils or accidents covered by this policy including declarations of value to the carrier. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this policy. If the limits of such underlying insurance exceed the deductible amount which would apply in the event of loss under this policy, then that portion which excess such a deductible amount shall be considered "Other Insurance."

21. OTHER INSURANCE

Except for insurance described by the Contributing Insurance Clause, by the Excess Insurance Clause, or by the Underlying Insurance Clause, this policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, and whether directly or indirectly covering the same property against the same perils or accidents. The Insurer(s) shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance. Notwithstanding that this policy only covers for the excess of any other collectible insurance, the Insurer(s) guarantee prompt payment in full of the amount of loss which would have been otherwise recoverable hereunder and agrees to advance the amount of loss as a loan, without interest, repayable only in the event of and to the extent of recovery from such other insurance.

22. SUBROGATION

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- a) In the event of any payment under this policy, Insurer(s) shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefore. The Insured shall execute all papers required and shall do anything that may be necessary at the expense of Insurer(s) to secure such right. Insurer(s) will act in concert with all other interests concerned, i.e. the Insured and any other Insurer(s) participating in the payment of any loss as primary or excess insurers in the exercise of such rights of recovery. If any amount is recovered as a result of such proceedings, the net amount recovered after deducting the costs of recovery shall be divided between the interests concerned in the proportion of their respective interests. If there should be no recovery, the expense of proceedings shall be borne proportionately by the interests instituting the proceedings.
- b) Any release from liability entered into by the Insured prior to loss hereunder shall not affect this policy or the right of the Insured to recover hereunder. The right of subrogation against the Insured or subsidiary or affiliated corporations or companies or any other corporations or companies associated with the Insured through ownership or management, including Joint Venture partners, is waived, and at the option of the Insured, against a tenant, customer, or vendor of the Insured.

23. SALVAGE AND RECOVERIES

All salvage, recoveries, and payments, excluding proceeds from subrogation and underlying insurance recovered or received prior to a loss settlement under this policy shall reduce the loss accordingly. If recovered or received subsequent to a loss settlement under this policy, such salvage, recoveries, and payments shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.

24. BRANDS OR TRADEMARKS

In case of physical damage by a peril insured against to property bearing a brand or trademark or which in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal at the Insurer(s) expense in the customary manner of all such brands or trademarks or other identifying characteristics.

The Insured shall have full right to the possession of all goods involved in any loss under this policy and shall retain control of all damaged goods. The Insured, exercising a reasonable discretion, shall be the sole judge as to whether the goods involved in any loss under this policy are fit for consumption and no goods so deemed by the Insured to be unfit for consumption shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow Insurer(s) any salvage obtained by the Insured on any sale or other disposition of such goods.

25. MACHINERY

In case of physical loss or damage by a peril insured against to any part of a machine or unit consisting of two or more parts when complete either for sale or use, coverage under this policy shall be limited to the value of the part or parts lost or damaged, or, at the Insured's option, to the cost and expense of replacing or duplicating the lost or damaged part or parts or of repairing the machine or unit.

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26. AUTOMATIC COVERAGE CLAUSE

It is understood and agreed that this policy is automatically extended to cover additional property and interests as described in this policy, which may be acquired or otherwise become at the risk of the Insured during the term of this policy, within the territorial limits stated herein, subject to the values for such additional property and/or interests being reported within 90 days of acquisition.

As respects new acquisitions and new construction projects with asset values in excess of USD5,000,000, premiums will be earned from the actual date of acquisition or start of construction. These assets will be reported to the Insurer(s) as soon as practical.

As respects properties and facilities sold, or otherwise disposed of with total asset values in excess of USD5,000,000, premiums will be returned, on a pro-rata basis, from the actual date of sale or disposition to the next policy anniversary date. These assets will be reported to the Insurer(s) as soon as practical.

27. ERRORS AND OMISSIONS

Any unintentional error or inadvertent omission made by the Insured shall not void or impair the insurance hereunder provided the Insured reports such error or omission as soon as reasonably possible after discovery. This shall include any failure to identify any existing but unknown exposure and failure to report exposures or values provided such failures are unintentional.

28. INSPECTION OF PROPERTY AND OPERATIONS

The Insurer(s) shall be permitted but not obligated to inspect, at all reasonable times, any property of the Insured covered under this policy. Neither the Insurer(s) right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property is safe or healthful or in compliance with any law, rule, or regulation.

29. NOTICE OF LOSS

As soon as practicable after any loss or damage occurring under this policy is known to the Insured's Corporate Risk Management Department, the Insured shall report such loss or damage with full particulars to Arthur J. Gallagher Risk Management Services, Inc., 2 Westchester Park Drive – 3rd Floor, White Plains, NY 10604-3408, U.S.A.

30. PROOF OF LOSS

It shall be necessary for the Insured to render a signed and sworn proof of loss to Insurer(s), or their appointed representative, stating: the place, time, and cause of the loss, damage, or expense; the interest of the Insured and of all others; the value of the property involved in the loss; and the amount of loss, damage, or expense.

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31. APPRAISAL

If the Insured and Insurer(s) fail to agree on the amount of loss, each, upon the written demand either of the Insured or of Insurer(s) made within sixty (60) days after receipt of proof of loss by Insurer(s), shall select a competent and disinterested appraiser. The appraisers shall then select a competent and disinterested umpire. If they should fail for fifteen (15) days to agree upon such umpire, then upon the request of the Insured, or of Insurer(s), such umpire shall be selected by a judge of a court of record in the county and state in which such appraisal is pending.

Then at a reasonable time and place, the appraisers shall appraise the loss, stating separately the value at the time of loss and the amount of loss. If the appraisers fail to agree, they shall submit their differences to the umpire.

An award in writing of any two shall determine the amount of loss. The Insured and Insurer(s) shall pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and of the umpire.

32. CONSEQUENTIAL LOSS

This policy insures against:

Consequential loss to any physical loss or damage to the property described caused by change of temperature, or humidity, or by interruption of power, heat, air conditioning, or refrigeration, and resulting from damage by a peril not excluded to equipment used for refrigeration, cooling, humidifying, dehumidifying, air conditioning, heating, generating, or converting power, including all connections and supply or transmission lines and pipes within ten miles of the affected insured location.

The reduction in value to the remaining part or parts of any lot merchandise usually sold by lots or sizes, color ranges or other classification due to damage to or destruction of a part of such lots or other classifications due to a peril insured against.

33. PAIR AND SET

This Policy covers the reduction in value of insured merchandise that is part of pairs, sets or components, directly resulting from physical loss or damage insured by Policy to other insured parts of pairs, sets or components of such merchandise. If settlement is based upon a constructive total loss, the Insured will surrender the undamaged parts of such merchandise to Underwriters.

34. ASSISTANCE AND COOPERATION OF THE INSURED

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

35. AUTHORITIES EXCLUSION

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Notwithstanding any of the provisions of this policy, this policy does not cover fines or penalties incurred or sustained by or imposed on the Insured at the order of any Government Agency, Court or other Authority arising from any kind or description of environmental impairment, including seepage, pollution and contamination from any cause whatsoever.

36. PROTECTION AND PRESERVATION OF PROPERTY

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

37. PAYMENT OF LOSS

All adjusted claims shall be due and payable no later than sixty (60) days after presentation and acceptance of proofs of loss by Insurer(s) or its appointed representative.

38. REINSTATEMENT

With the exception of loss caused by perils which are subject to aggregate limits as noted in Section 2, any loss hereunder shall not reduce the amount of this policy.

39. SUIT AGAINST THE INSURER(S)

No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless the Insured shall have fully complied with all the requirements of this policy. Insurer(s) agree that any action or proceeding against them for recovery of any loss under this policy shall not be barred if commenced within the time prescribed therefore in the statutes of the State of Mississippi.

40. VERIFICATIONS AND/OR CERTIFICATES AND/OR EVIDENCES OF INSURANCE

Permission is granted to Arthur J. Gallagher Risk Management Services, Inc. 2 Westchester Park Drive – 3rd Floor, White Plains, NY 10604-3408, U.S.A, to issue verifications and/or certificates and/or evidences of insurance naming Additional Named Insured's, Loss Payees and Mortgagees.

All parties to whom a verification and/or certificate and/or evidence of insurance has been issued are automatically added to this policy upon issuance of said verifications and/or certificates and/or evidences, either as Additional Insured, Loss Payees, Mortgagee, or waiver of subrogation, in accordance with the terms and conditions of said verifications and/or certificates and/or evidences.

The existence of more than one Insured, Additional Insured, Loss Payee or Mortgagee or combination thereof shall in no way increase the limit(s) of liability provided by this Policy.

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It is further understood and agreed that, where required by lease or other contractual obligation, any additional Insured's, Loss Payees, Mortgagees, or those to whom a waiver of subrogation is required to be added to the policy, are automatically included for coverage.

Subject otherwise to the terms and conditions of the verifications and/or certificates and/or evidences of insurance paragraph it is agreed that verifications and/or certificates and/or evidences of insurance may be issued, if necessary, without any reference therein to any deductible subject to the following:

Any increase in the amount of loss paid by Insurer(s) due to the operation of the preceding paragraph shall be reimbursed by the Insured concurrently with such payment of loss with the same being subject to a letter of indemnity from PHOSPHATE HOLDINGS, INC. up to the applicable policy deductibles.

41. CANCELLATION

This Policy may be:

- A. Cancelled at any time at the request of the Insured by surrendering this Policy to Underwriters or by giving written notice to Underwriters stating when such cancellation will take effect; or
- B. Cancelled by Underwriters by giving the Insured not less than 60 days written notice of cancellation.

Return premium shall be calculated on the customary short rate basis if the Insured cancels and on a pro rata basis if the Underwriters cancel this Policy.

42. SOFT COSTS

In the event of loss or damage, insured by this policy, resulting in delay of completion of a project, this policy provides coverage for those expenses relating to such project over and above those costs which would have been incurred, including, but not limited to, interest payments on financing under loan agreements and real estate taxes accruing during the period of delay.

43. NON INVALIDATION

This insurance shall not be invalidated by any act or omission or alteration whereby the risk insured is increased beyond the control of the Insured.

44. BREACH OF WARRANTY

If any breach of a clause, condition or warranty of this contract or Policy shall occur prior to a loss affected thereby under this Policy, such breach shall not void the Policy nor avail Insurer(s) to avoid liability unless such breach shall exist at the time of such loss under this contract or Policy, and be a contributing factor to the loss for which claim is presented hereunder, it being understood that such breach of clause or condition is applicable only to the property affected thereby. Notwithstanding the foregoing, if the Insured establishes that

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the breach, whether contributory or not, occurred without its knowledge or permission or beyond its control, such breach shall not prevent the Insured from recovering under this Policy.

45. TITLES OF PARAGRAPHS

The titles of paragraphs of this form and of endorsements and supplemental contracts, if any, or hereafter attached hereto are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

46. POLICY MODIFICATION

The provisions of this policy shall not be amended except by written endorsement issued and delivered to the Insured and forming a part of this policy.

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ATTACHING TO AND FORMING PART OF POLICY NO. PG1420899

ENDORSEMENT NO. 1

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: **22nd December 2014**

ELECTRONIC DATA ENDORSEMENT B

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 from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

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 occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils

Fire
Explosion

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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 of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

ALL OTHER TERMS AND CONDITIONS REMAIN UNALTERED

NMA 2915

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO . PG1420899

ENDORSEMENT NO. 2

INSURED: PHOSPHATE HOLDINGS, INC.

EFFECTIVE: 22nd December 2014

ELECTRONIC DATE RECOGNITION EXCLUSION (EDRE)

This policy does not cover 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.

ALL OTHER TERMS AND CONDITIONS REMAIN UNALTERED

NMA 2802

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. PG1420899

ENDORSEMENT NO. 3

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: 22nd December 2014

WAR AND TERRORISM EXCLUSION ENDORSEMENT

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto 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 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 Insurer(s) 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.

ALL OTHER TERMS AND CONDITIONS REMAIN UNALTERED

NMA2918

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. PG1420899

ENDORSEMENT NO. 4

INSURED: PHOSPHATE HOLDINGS, INC.

EFFECTIVE: 22nd December 2014

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

It is agreed that in the event of the failure of the Insurer(s) hereon to pay any amount claimed to be due hereunder, the Insurer(s) hereon, at the request of the Insured, 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 Insurer(s)'s rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States.

It is further agreed that service of process in such suit may be made upon

Mendes & Mount,
750 7th Avenue,
New York 10019 6829
U.S.A.

and that in any suit instituted against any one of them upon this contract, Insurer(s) 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 Insurer(s) in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Insurer(s)'s 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, Insurer(s) 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 any beneficiary hereunder arising out of this contract of insurance, 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.

In the event of a dispute hereunder the governing law of the State of Mississippi shall apply.

ALL OTHER TERMS AND CONDITIONS REMAIN UNALTERED

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. PG1420899

ENDORSEMENT NO. 5

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: **22nd December 2014**

LOSS ADJUSTERS

It is hereby understood and agreed that each and every loss will be adjusted by Crawford Technical Services, 285 W. Esplanade Avenue, P.O. Box 640189 (70064), Kenner, Louisiana 70065 U.S.A. unless otherwise mutually agreed between the Insured and the Insurer(s).

ALL OTHER TERMS AND CONDITIONS REMAIN UNALTERED

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. PG1420899

ENDORSEMENT NO. 6

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: **22nd December 2014**

PAYMENT OF PREMIUM (PPC 5 TOR 4/86 (DIRECT))

It is a condition of this Policy that the premium due at inception must be paid to and received by Underwriters on or before 19th February 2015.

If this condition is not complied with, then this Policy will terminate on the above date with the Insured agreeing to pay premium calculated at no less than pro rata temporis.

ALL OTHER TERMS AND CONDITIONS REMAIN UNALTERED

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. PG1420899

ENDORSEMENT NO. 7

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: **22nd December 2014**

PRIORITY OF PAYMENTS

In the event of a claim hereunder which involves more than one interest and/or coverage and/or peril, it shall be at the sole option of the Insured to apportion recovery under this policy when submitting final proof of loss, subject to an overall amount of claim not exceeding the overall limit of liability provided herein for any one loss.

ALL OTHER TERMS AND CONDITIONS REMAIN UNALTERED

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. PG1420899

ENDORSEMENT NO. 8

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: 22nd December 2014

MICROORGANISM EXCLUSION (MAP) (Absolute)

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

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

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

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

ALL OTHER TERMS AND CONDITIONS REMAIN UNALTERED

LMA 5018

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. PG1420899

ENDORSEMENT NO. 9

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: 22nd December 2014

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.

It is understood and agreed that malicious acts by the Insured's own employees shall not fall within the above exclusion subject always to the exclusions, terms and conditions of this insurance.

ALL OTHER TERMS, CLAUSES AND CONDITIONS REMAIN UNALTERED

NMA2962 (amended)
06/02/03

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. PG1420899

ENDORSEMENT NO. 10

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: 22nd December 2014

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 Underwriters 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 Underwriters 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.

ALL OTHER TERMS, CLAUSES AND CONDITIONS REMAIN UNALTERED

14/09/2005
LMA5019

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. PG1420899

ENDORSEMENT NO. 11

INSURED: PHOSPHATE HOLDINGS, INC.

EFFECTIVE: 22nd December 2014

ADDITIONAL LIMITATIONS AND CONDITIONS ENDORSEMENT (STANDARD)

THIS ENDORSEMENT CONTAINS PROVISIONS IN CLAUSES II., 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 insured property 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 Underwriters 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 Underwriters agree to pay hereunder, or which but for the application of a deductible 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 Underwriters hereon within one year of commencement of the Damage;

Lexington Insurance Policy # 65305525

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 USD5,000,000 (five million dollars) or 25% (twenty five percent) of the amount of the Damage 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.

Lexington Insurance Policy # 65305525

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 Underwriters 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

Lexington Insurance Policy # 65305525

- 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. Underwriters have agreed to pay for the Original Damage or, but for the operation of a deductible 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 Underwriters 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.

Lexington Insurance Policy # 65305525

Nothing in this Clause, however, shall extend this Policy to cover 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 USD5,000,000 each and every occurrence.

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 Underwriters hereon agree to pay or, but for the application of a deductible or underlying amount, they would agree to pay;

then the resulting sum shall be the amount to which first all deductibles 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-limit(s) and aggregate limit(s).

ALL OTHER TERMS, CLAUSES AND CONDITIONS REMAIN UNALTERED.

NMA 2415

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. PG1420899

ENDORSEMENT NO. 12

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: **22nd December 2014**

SANCTION LIMITATION AND EXCLUSION CLAUSE ENDORSEMENT

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.

ALL OTHER TERMS, CLAUSES AND CONDITIONS REMAIN UNALTERED.

15/09/10
LMA3100

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. PG1420899

ENDORSEMENT NO. 13

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: 22nd December 2014

**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.

ALL OTHER TERMS, CLAUSES AND CONDITIONS REMAIN UNALTERED.

21/12/2007

LMA5092

Form approved by Lloyd's Market Association

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. PG1420899

ENDORSEMENT NO. 14

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: **22nd December 2014**

FRAUDULENT CLAIM CLAUSE

If the (re)insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this contract shall become void and all claim hereunder shall be forfeited.

ALL OTHER TERMS, CLAUSES AND CONDITIONS REMAIN UNALTERED.

**LMA5062
04/06/2006**

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. PG1420899

ENDORSEMENT NO. 15

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: 22nd December 2014

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 sublimits, replaces that wording.

ALL OTHER TERMS, CLAUSES AND CONDITIONS REMAIN UNALTERED.

05/03/09
LMA5130

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. 65305525

ENDORSEMENT NO. 16

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: 22nd December 2014

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**TERRORISM EXCLUSION - CERTIFIED ACTS
(WITH CONDITIONAL REPLACEMENT BY A MORE RESTRICTIVE EXCLUSION)**

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

(1) ACT OF TERRORISM.

(A) CERTIFICATION. – The term "act of terrorism" means any act that is certified by the Secretary [of the Treasury], in concurrence with the Secretary of State, and the Attorney General of the United States

(i) to be an act of terrorism;

(ii) to be a violent act or an act that is dangerous to

(I) human life;

(II) property; or

(III) infrastructure;

(iii) to have resulted in damage within the United States, or outside of the United States in the case of

(I) an air carrier or vessel [described in TRIA]; or

(II) the premises of a United States mission; and

(iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

(B) LIMITATION. – No act shall be certified by the Secretary as an act of terrorism if

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(i) the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers' compensation; or

(ii) property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.

(C) DETERMINATIONS FINAL. – Any certification of, or determination not to certify, an act as an act of terrorism under this paragraph shall be final, and shall not be subject to judicial review.

(D) NONDELEGATION. – The Secretary may not delegate or designate to any other officer, employee, or person, any determination under this paragraph of whether, during the effective period of the Program, an act of terrorism has occurred.

II. Terrorism Exclusion Applicable Upon Termination of TRIA

A. TRIA is scheduled to terminate on December 31, 2014. In the event "TRIA" is not reauthorized during the policy period, then the exclusion provided under Section I. above is deleted in its entirety and replaced with the following exclusion as of December 31, 2014:

This insurance also does not apply to loss, injury, damage, claim or suit, arising directly or indirectly as a result of "terrorism" regardless of any other cause or event contributing concurrently or in any sequence to the loss. "Terrorism" means any act that:

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

B. However, the exclusion provided under Paragraph II.A. only applies when one or more of the following are attributed to an incident of "terrorism":

- (1) The "terrorism" involves the actual, alleged or threatened use, release, escape, dispersal, application and or existence of:
 - (A) Any nuclear reaction;
 - (B) Radioactive materials or "nuclear materials" in any form and from any source;

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- (C) Radionuclides;
- (D) Radiation emitted from any radioactive source whether natural or manmade; and/or
- (E) Electromagnetic pulses; or
- (2) The "terrorism" involves the actual, alleged or threatened use, release, escape, dispersal and/or application of pathogenic or poisonous chemical or "biological" materials, whether natural, manmade, living or dead; or
- (3) The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph II.B.(3) are exceeded.

With respect to the Exclusion provided under Section II., Paragraph II.B.(3) describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether the Exclusion provided under Section II. will apply to that incident. When such Exclusion applies to an incident of "terrorism", there is no coverage under this Policy.

III. Exception Covering Certain Fire Losses

If "terrorism", results in fire, we will pay for such loss or damage caused by such fire, subject to all of the policy's applicable terms and conditions; but only if:

- A. Such covered property is located in a State of the United States, the District of Columbia, Puerto Rico, or a territory or possession of the United States, that pursuant to the Standard Fire Policy, statute, regulation or other law, prohibits the exclusion of a fire following an act of "terrorism"; and
- B. Such coverage for fire applies only to direct physical loss or damage to covered property insured hereunder, and no other coverage.

IV. Application of Other Exclusions

- A. When the Exclusion provided under Section II. of this Endorsement applies in accordance with the terms of Paragraph II.B.(1), such exclusion applies without regard to the Nuclear Exclusion provided under this Policy.
- B. 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 or damage which

Lexington Insurance Policy # 65305525

would otherwise be excluded under this Policy, such as losses excluded by the Nuclear Exclusion or the War Exclusion.

V. DEFINITIONS - The following definitions shall apply:

“Nuclear materials” means “source material”, “special nuclear material” or “by-product material.” “Source material,” “special nuclear material,” and “by-product material” have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

“Biological” materials include all microorganisms, viruses, rickettsia, prions, nucleic acids, toxins, toxin-producing agents, and poisons produced by biological organisms.

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

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. 65305525

ENDORSEMENT NO. 17

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: 22nd December 2014

WAR AND TERRORISM EXCLUSION ENDORSEMENT

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto 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 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 organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

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

If the Underwriters 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 Assured.

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

This endorsement shall only apply to locations outside of the United States and its territories and Canada for difference in conditions/difference in limits exposure that is not subject to the Terrorism Risk Insurance Act of 2002, as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007.

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. 65305525

ENDORSEMENT NO. 18

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: 22nd December 2014

POLITICAL RISK EXCLUSION

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

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

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. 65305525

ENDORSEMENT NO. 19

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: 22nd December 2014

ECONOMIC SANCTIONS ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

The Insurer shall not be deemed to provide cover and the Insurer shall not 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 the Insurer, its parent company or its ultimate controlling entity to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union or the United States of America.

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. 65305525

ENDORSEMENT NO. 20

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: 22nd December 2014

IDLE PLANT ENDORSEMENT

It is hereby understood and agreed that:

1. It is warranted that the insured will notify AIG Insurance in writing:
 - A. Before a plant, machinery or other property is planned to be shut down for an extended period
of time so as to render it into and "idle" or mothballed" condition
 - B. Before a plant, machinery or other property is put in operation including but not limited to hot
testing after a shutdown for an extended period of time.

The insurance granted by this Policy is subject to a Warranty that during the period of non-operation of the Insured Property the following conditions shall all be complied with by the Insured, it being understood and agreed that the breach of any of these conditions shall allow the Insurers to avoid any losses or damage whether or not such or damage is attributable to the breach of such conditions or otherwise

- C. The fire protections systems shall maintained in a fully operational condition at all times.
- D. The Security systems shall be maintained and fully operational at all times.
- E. Security services that would normally be in place when the property is use shall be maintained 24 hours a day, 7 days a week and 365 days a year.
- F. All parts of the insured property shall be shut down and made safe in accordance with the applicable industry standards for such plants, machinery or other property when not operational for an extended period of time.
- G. Necessary on-going inspection and maintenance shall be continued in accordance with applicable industry standards during the entire period while the plants, machinery or other property is not being operated.

All other terms and conditions remain unchanged.

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. 65305525

ENDORSEMENT NO. 21**INSURED:** PHOSPHATE HOLDINGS, INC.**EFFECTIVE:** 22nd December 2014**POLICY AMENDATORY ENDORSEMENT**

As respects Clause 2. **LIMIT OF LIABILITY, PROGRAM SUBLIMITS**, on page 3 of the Policy, the following exclusions apply to the perils of Earthquake Shock and Flood .

- a. Earthquake Shock in California, Japan and Foreign Munich Re Zones 3 and 4.
- b. Netherlands Flood.

Contingent Time Element

Clause 2. **LIMIT OF LIABILITY, PROGRAM SUBLIMITS**, Contingent Time Element is deleted and replaced as follows:

USD\$20,000,000	each and every occurrence as respects Contingent Time Element - Direct exposures only.
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Clause 2. **LIMIT OF LIABILITY, PROGRAM SUBLIMITS**, the following sublimits are added:

USD 50,000,000	each and every occurrence as respects Automatic Coverage.
USD 5,000,000	each and every occurrence as respects Miscellaneous Unnamed Locations.
USD 5,000,000	each and every occurrence as respects Property in the Course of Construction. Any project with completed values exceeding this limit is excluded

As respects the sublimits of liability on Pages 3 and 4 of the policy, CAT coverage as part of the Automatic, Miscellaneous Unnamed Locations, Error and Omissions, Contingent Time Element and Property in the Course of Construction coverages will be part of, not in addition to, the respective account level CAT sublimits

Lexington Insurance Policy # 65305525

Territory

Clause 5. **TERRITORY**, on page 5 of the Policy, is deleted in its entirety and replaced as follows:

United States of America including the District of Columbia, including property while in Transit, except Worldwide for Contingent Time Element, but excluding Countries and Territories under United States sanctions. AIG's Economic Sanctions Endorsement applies.

As respects Clause 7. **TIME ELEMENT COVERAGE**, Item a) **Business Interruption**, paragraph i), the phrase, starting on line 3.....*"to real and personal property as described in SECTION 6."* is deleted and replaced with the phrase... *"to real and personal property as covered herein."*

This change will apply for all places in the policy where the phrase.....*"to real and Personal property as described in SECTION 6."* or *"to real and personal property as described in SECTION 6.a)"* is found.

Occurrence Definition

As respects Item 15. **EARTHQUAKE, FLOOD AND WINDSTORM**, starting on Page 15 of this Policy, Items a)ii) and a)iii) are deleted and replaced as follows:

- ii) All flood losses within a continuous 72 hour period will be considered a single flood.
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Cancellation Clause

As respects the **CANCELLATION CLAUSE** No. 41 of the Policy the last paragraph starting with Return Premium is deleted and replaced with the following:

Return premium shall be calculated on the customary short rate basis if the Insured cancels and on a pro-rata basis if the Underwriters cancel this Policy, except as follows:

- i. Pro-rata cancellation in the event of a sale and the new owner(s) decide to cancel the policy.
 - ii. Pro-rata cancellation in the event the insured defaults on a payment and the finance company requests cancellation.
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Lexington Insurance Policy # 65305525

The **AUTOMATIC COVERAGE CLAUSE**, No. 26, is deleted and replaced as follows:

26. AUTOMATIC COVERAGE CLAUSE

It is understood and agreed that this policy is automatically extended to cover additional property and interests as described in this policy, which may be acquired or otherwise become at the risk of the Insured during the term of this policy, within the territorial limits stated herein, subject to the values for such additional property and/or interests being reported.

As respects new acquisitions and new construction projects with asset values in excess of USD5,000,000, such assets must be reported to the Insurer(s) within **90 days**, after which coverage will be sub-limited to \$5,000,000 until reported. Premiums will be earned from the actual date of acquisition or start of construction.

As respects properties and facilities sold, or otherwise disposed of with total asset values in excess of USD5,000,000, premiums will be returned, on a pro-rata basis, from the actual date of sale or disposition to the next policy anniversary date. These assets will be reported to the Insurer(s) as soon as practical.

The following clause is added to the policy as Clause No. 47.

47. MISCELLANEOUS UNNAMED LOCATIONS CLAUSE

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

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

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

Liability under this provision shall not exceed the Sublimit of Liability for Miscellaneous Unnamed Locations shown in the Declarations, as more fully explained in the Limits and Sublimits of Liability Condition of this policy.

ALL OTHER TERMS, CLAUSES AND CONDITIONS REMAIN UNALTERED.

Lexington Insurance Policy # 65305525

ATTACHING TO AND FORMING PART OF POLICY NO. 65305525

ENDORSEMENT NO. 22

INSURED: **PHOSPHATE HOLDINGS, INC.**

EFFECTIVE: 22nd December 2014

INTERNATIONAL PERIL EXCLUSIONS

As respects to Consorcio Perils –Spain/Spanish Territories, Sturm Flut/Sturm Surge-Germany –; the following exclusions apply:

Consorcio Exclusion

Against losses in Spain or Spanish territories which fall under the regulation of the Consorcio De Compensation De Seguros ("Consorcio") perils insured against by the Consorcio when the occurrence of loss by such covered peril shall be declared by the Consorcio to be within the conditions of coverage. (Conditions of payment, delays in payment, shall not abrogate this exclusion.) However, when payment of such declared covered loss is made in reduced proportion due to depletion of Consorcio reserves resulting from payment of said loss, this policy shall apply in excess of the actual payment of loss made by the Consorcio.

German Sturmflut Exclusion

This policy does not cover sturmflut (storm Flood or storm tide) within Germany involving Bundeslaender and Hansetaedte (states) of Schleswig-Holstein, Niedersachsen, Mecklenburg-Vorpommern, Bremen and Hamburg. Sturmflut (storm Flood or storm tide) shall mean a flooding of dry land by storm-driven waves on coastal areas into bays or inland waters connected to the ocean or sea.

Catastrophes Naturelles Exclusion

Against losses in France or French territories which fall under the regulation of the Natural Catastrophe Scheme created by the law of July 13, 1982 when the occurrence of loss by such covered peril shall be declared by the authorities to be within the conditions of coverage. (Conditions of payment and/or delays in payment shall not abrogate this exclusion.) However, when payment of such declared loss is made in reduced proportion to the depletion of government reserves resulting from payment of said loss, this policy shall apply in excess of the actual payment of loss made by the government.

Lexington Insurance Policy # 65305525

INTERNATIONAL PERIL EXCLUSIONS Cont'd:

SASRIA Perils – South Africa: NASRIA Peril –Namibia

As respects to SASRIA Perils – South Africa: NASRIA Peril –Namibia; the following exclusions apply:

- (1) Against any act (whether on behalf of any organization, body or group of persons) calculated or directed to overthrow or influence any state or government, or any provincial, local or tribal authority with force, or by means of fear, terrorism or violence;
- (2) Against any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause, or to bring about any social or economic change, or in protest against any state of government, or any provincial, local or tribal authority, or the purposes of inspiring fear in the public, or any section thereof.

This policy does not insure against loss or damage caused directly or indirectly by or through or in consequence of any occurrence for which a fund has been established in terms of the War Damage Insurance and Compensation Act, 1976 (No. 85 of 1976).

Netherlands Flood Exclusion

Flood coverage for location in the Netherlands is excluded.

ALL OTHER TERMS, CLAUSES AND CONDITIONS REMAIN UNALTERED

POLICYHOLDER NOTICE

Thank you for purchasing insurance from a member company of American International Group, Inc. (AIG). The AIG member companies generally pay compensation to brokers and independent agents, and may have paid compensation in connection with your policy. You can review and obtain information about the nature and range of compensation paid by AIG member companies to brokers and independent agents in the United States by visiting our website at www.aig.com/producercompensation or by calling 1-800-706-3102.



AIG Property Casualty/Energy Division

TO OUR BROKERS / AGENTS

IMPORTANT NOTICE – TO BE KEPT WITH POLICY

WHAT TO DO WHEN A LOSS OCCURS

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

Mr. John E. Roberts, BSc(Hons) CEng MIStructE ACILA
Energy Division / Property Claims
2929 Allen Parkway, Suite 1100
Houston, TX 77019
Tel: (713) 342-7376
E-Mail: JohnE.Roberts@aig.com

(OR)

Ms. Karen Karkos
Manager
AIG Property Casualty/ Energy Division
1690 New Britain Avenue
Farmington, CT 06032
Tel: (860)321-3860
Fax: (860)321-3861
E-Mail: Karen.Karkos@aig.com

2. Energy Property Claims **CANNOT** be processed through any other facility and must be reported as indicated.
3. Adjuster can **ONLY** be assigned by the AIG Property Casualty/Energy division.