



Insurance Specifications: Permanent Coverage

ALL INSURANCE CARRIERS MUST BE A.M. BEST'S RATED A VIII OR HIGHER*

The Certificate Holder with rights of direct notice must be National Equity Fund, Inc.

Note: Each Certificate/Binder must include a producer contact name, phone number and email address.

*Certain investors may require a higher rating.

PARTNERSHIP POLICIES

A. Property

Policy Limits:

Building Coverage 100% insurable Replacement Value – No Coinsurance unless there is an Agreed Amount endorsement

Contents Coverage

- 100% Insurable Replacement Value of Partnership owned contents
- No Coinsurance unless there is an Agreed Amount endorsement
- Individual investors may have additional requirements

Loss of Rents 100% of Annual Rent Revenues

Perils: "Special Causes" of direct physical loss subject to the policy terms, conditions, and exclusions

Coverage must include:

- Debris Removal
- Ordinance & Law Coverage
- Individual investors may have additional requirements

Flood Insurance Mandatory for property within A and V Zones. NEF reserves the right to Require flood insurance for property in shaded X Zones (formerly B Zone), X Zones (formerly C Zone), D Zone (undetermined risk areas) and property not mapped by FEMA.

Earthquake Insurance May be required if project in earthquake-prone area (Zone 3 or 4). NEF will determine requirement based on seismic evaluation.

Deductible: Not to exceed \$5,000

Extensions: Vacant/Unoccupied up to 60 days.

B. Mechanical Breakdown /Boiler & Machinery

Only applies to central systems and/or elevators per code Total Building Value Limit
Comprehensive Form, including Mechanical Breakdown

C. Commercial General Liability – Primary Coverage

Minimum Limits:	\$2,000,000	Aggregate Limit
	\$1,000,000	Products/Completed Operations Aggregate
	\$1,000,000	Contract
	\$1,000,000	Personal & Advertising Injury
	\$1,000,000	Each Occurrence
	\$50,000	Fire Damage

- Maximum \$5,000 Deductible or Retention

D. Excess/Umbrella Liability – Is required if the project contains sixty (60) or more units

Minimum Limit: \$5,000,000 Occurrence/\$5,000,000 Aggregate

- Approval for lower Excess Limits will be restricted.
- National Equity Fund, Inc. (“NEF”) will consider:
 - Use
 - Location
 - Size of Project when evaluating such requests

PROPERTY MANAGEMENT COMPANY/AGENT POLICIES

A. Workers’ Compensation

Limit:	Statutory as per applicable state laws	
Employers’ Liability:	\$100,000	Each Accident
	\$500,000	Disease - Policy Limit
	\$100,000	Disease - Each Employee

**B. Fidelity Bond Equal to four months potential maximum gross rents.
(Employee Dishonesty)**

C. Commercial General Liability

Minimum Limits:	\$2,000,000	Aggregate Limit
	\$1,000,000	Products/Completed Operations Aggregate
	\$1,000,000	Contract
	\$1,000,000	Personal & Advertising Injury
	\$1,000,000	Each Occurrence
	\$50,000	Fire Damage

- Maximum \$10,000 Deductible or Retention
- Permission to Occupy Endorsement is required if there is partial occupancy during construction.
- Individual investors may have additional requirements.

D. Excess/Umbrella Liability

Required by certain Investors or may be required by NEF based on combined exposures for operations.

COMBINED PLACEMENTS

The developer may satisfy permanent insurance requirements by procuring insurance that provides coverage for multiple projects rather than separate policies per project/location. Such insurance for multiple projects is referred to as a combined placement. To attain an appropriate level of insurance for combined placement, the insurance is secured in layers.

The insurance coverage that responds to claims on a first dollar basis is referred to as primary insurance. Additional coverage, which attaches over the primary, is known as excess insurance. Combined primary and excess limits are determined based on the policy form.

General Liability primary insurance limits may be identified on a policy basis or a per location basis. It is preferred that primary insurance limits be identified on a per location basis. The primary insurance policy should include a Designated Location(s) General Aggregate Limit endorsement. Excess insurance limits will generally be identified on a policy limit basis.

Combined Limit Guidelines

Guidelines for Combined Placements consider the number of locations/projects plus the number of units for combined primary (per location basis and excess liability (policy basis) limits.

<u>Projects</u>	<u>Units</u>	<u>Minimum Combined Primary/Excess Liability Limit</u>
2-3	40-80	\$2,000,000 Occurrence/\$2,000,000 Aggregate
2-5	80-250	\$4,000,000 Occurrence/\$4,000,000 Aggregate
4-7	250-500	\$5,000,000 Occurrence/\$5,000,000 Aggregate
8-12	500-1500	\$10,000,000 Occurrence/\$10,000,000 Aggregate
12-20	1200-3000	\$15,000,000 Occurrence/\$15,000,000 Aggregate
15-25	1800-7000	\$20,000,000 Occurrence/\$20,000,000 Aggregate
20-100	2500- TBD	To Be Determined

Certificates of Liability Insurance

A certificate is a legal document confirming the insurance coverage is currently in force and profiles the coverage to the certificate holder. To assure the adequate amount of coverage has been secured, NEF Insurance Risk Management will require that all Certificates of Liability Insurance for combined placements indicate whether the coverage limit applies per policy, project or location.