

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF GEORGIA
WAYCROSS DIVISION**

In re: §
§ **Chapter 11**
SEGA Biofuels, LLC, § **Case No. 13-50694-JSD**
§
Debtor. §

**EMERGENCY APPLICATION FOR ORDER AUTHORIZING
AND APPROVING DEBTOR-IN-POSSESSION'S EXECUTION OF
INSURANCE PREMIUM FINANCE AGREEMENT**

COMES NOW, SEGA Biofuels, LLC, Debtor/Debtor in Possession ("Debtor"), by and through its attorneys and moves the Court as follows:

1. Debtor's Chapter 11 petition was filed in this Court on September 11, 2013.
2. The Debtor is engaged in the business of wood pellet manufacturing and operates a facility producing wood pellets at the property known as 15333 Hwy. 82, Nahunta, GA 31553.
3. This property is subject to a lien in favor of The Heritage Bank.
4. Debtor is required to maintain insurance coverage on the property and equipment which are collateral of The Heritage Bank and other secured creditors substantially in a form set forth in the Schedule of Policies and as shown in the attached Premium Finance Agreement attached hereto and made a part hereof as *Exhibit A*.
5. The policy(ies) will bear a total premium of \$156,000, which total sum the Debtor cannot pay in full at this time.
6. The policy(ies) are extremely valuable policy(ies) and it is essential to maintain them in the interest of the preservation of the property, assets and business of the Debtor.
7. The policy(ies) cannot presently be obtained for the Debtor unless the premiums are financed.

8. The Debtor has been unable to locate any source of unsecured premium financing.

9. The premiums for the policy(ies) are to be financed through Premium Assignment Corporation ("PAC") which requires the Debtor to enter into a Premium Finance Agreement that includes a Security Agreement which grants PAC a secured interest in the gross unearned premiums which would be payable in the event of cancellation of the insurance policy(ies) and which further authorizes PAC to cancel the financed insurance policy(ies) and obtain the return of any unearned premiums in the event of a default in the payment of any installment due. The proposed Premium Finance Agreement is attached hereto as *Exhibit A*.

8. In view of the importance of maintaining insurance coverage with respect to business activities and the preserving of the Debtor's cash flow and estate by financing the insurance premiums, the Debtor believes that it would be in the best interests of the Debtor's estate and creditors to induce PAC to enter into such Premium Finance Agreement and for the financing to be approved on an expedited basis, such policy having a policy term of March 14, 2014 to March 14, 2015.

WHEREFORE, the Debtor prays that an Order pursuant to Section 364(c)(2) of the Bankruptcy Code be made and entered herein on an expedited basis authorizing the Debtor to enter into the Premium Finance Agreement and approving the terms thereof, including all rights and privileges granted PAC therein and authorizing PAC to exercise all of its rights without first securing an Order of the Court, and for such other and further Order as to this Court seems just and proper.

This 7th day of April, 2014.

McCallar Law Firm

By: /s/ C. James McCallar, Jr.
C. James McCallar, Jr.

GA State Bar #481400
Tiffany Caron
GA State Bar #745089

Post Office Box 9026
Savannah, Georgia 31412
phone: 912-234-1215
fax: 912-236-7549

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CERTIFICATE OF SERVICE

I, C. James McCallar, Jr., do hereby certify that I have this date served a copy of the Emergency Application for Order Authorizing and Approving Debtor-in-possession's Execution of Insurance Premium Finance Agreement upon the following by depositing a copy of the same in the United States mail with proper postage affixed or by electronic service through the Bankruptcy Court:

Matthew Mills
Office of the U.S. Trustee
Johnson Square Business Center
2 E. Bryan Street, Ste. 725
Savannah, GA 31401
matthew.e.mills@usdoj.gov

John R. Ferrelle
777 Gloucester St., Ste. 411
Brunswick, GA 31520

Kathleen Horne
Bouhan Falligant LLP
P.O. Box 2139
Savannah, Georgia 31402-2139

Mark Gilbert
P.O. Box 5437
Valdosta, GA 31603

Kevin Stine
1600 Monarch Plaza
3414 Peachtree Road, NE
Atlanta, GA 30326

Daniel Jenkins
Karsman, Mckenzie & Hart
21 West Park Ave.
Savannah, GA 31401

Dennis Strickland
Strickland & Garmon
127 Albany Avenue
P.O. Box 1592
Waycross, GA 31502

Ward Stone, Jr., Esq.
Matthew S. Cathey, Esq.
Stone & Baxter, LLP
Fielding & Co. Building, Suite 800
577 Mulberry Street
Macon, Georgia 31201

Gary Moore
Taylor, Odachowski, Schmidt & Crossland
300 Oak Street, Ste. 200
St. Simons Island, GA 31522

This 7th day of April, 2014.

MCCALLAR LAW FIRM

By: /s/ C. James McCallar, Jr.
C. James McCallar, Jr.
Georgia Bar Number 481400
Tiffany E. Caron
Georgia Bar Number 745089
Attorneys for Debtor

Post Office Box 9026
Savannah, GA 31412
Tel: (912) 234-1215
Fax: (912) 236-7549



IN CONSIDERATION of the payment by Lender of the Principal Balance Owed on Premiums shown on page 1 to the insurance companies named in the Scheduled Policies of Insurance shown on page 3 (or the agents of such companies), the Borrower agrees:

- 4. ACCEPTANCE DATE** This Agreement is binding upon its acceptance by Lender. Acceptance shall occur upon payment of the Principal Balance Owed on Premiums to the insurance companies named in the Scheduled Policies of Insurance, or the agents of such companies.
- 5. PAYMENTS** Borrower shall make payments directly to Lender in the amounts and at the same time specified on page 1 of this Agreement. Payments shall be made at Lender's address given at the top of page 1 or such other address as Lender may direct in writing. Payments made to any other address, person, firm, corporation or insurance agency (including but not limited to the Producer) shall not constitute payment to Lender. Payments received after cancellation of the Scheduled Policies of Insurance shall be credited to the unpaid balance due under this Agreement and shall not constitute reinstatement of the cancelled policies, nor shall it constitute a waiver by Lender of any rights.
- 6. LATE CHARGES** If a payment is more than 5 days late, Borrower agrees to pay a late charge of 5% of each delinquent or unpaid installment, unless prohibited by applicable law.
- 7. DEFAULT/CANCELLATION** A default shall occur if Borrower fails to pay any sums required by this Agreement in a timely manner, including interest and Late Charges, or if Borrower fails to carry out any other obligations under this Agreement. After default, any unpaid balance of the Total Amount Financed may become immediately due and payable in full at the option of Lender, and Lender may enforce its security interest and its rights under the Limited Power of Attorney. Interest will continue to accrue on the unpaid balance at the Annual Percentage Rate or maximum rate allowed by applicable law, at the option of Lender, until all balances owed under this Agreement are paid. Lender may request cancellation of all or any of the Scheduled Policies of Insurance at the earliest time after default permitted by applicable law. Should Lender cancel the Scheduled Policies of Insurance, Borrower agrees to pay Lender a cancellation fee of \$15 as permitted by applicable law.
- 8. EXCESS INTEREST OR FEES** It is the intent of the Lender that no interest, fee or charge in excess of that permitted by applicable law will be charged, taken or become payable under this Agreement. In the event it is determined that Lender has taken, charged or accrued interest, fees or charges in excess of that permitted under law, such excess shall be returned to Borrower or credited against the sum due Lender hereunder.
- 9. REFUNDS** The Borrower will receive a refund of the finance charge if the account is prepaid in full prior to the last installment due date. The refund shall be computed according to applicable law subject to a nonrefundable service charge of \$20.
- 10. SHORTAGE OR OVERAGE OF RETURNED PREMIUM** If Lender does not receive unearned premiums or other funds after cancellation or expiration of the Scheduled Policies of Insurance in an amount sufficient to pay the unpaid balance due under this Agreement, Borrower agrees to pay the deficiency to Lender on demand. Interest shall accrue on the deficiency at the Annual Percentage Rate, or the maximum rate allowed by applicable law, at the option of Lender. If the unearned premiums received by Lender are more than the amount due under this Agreement, the excess shall be returned to Borrower within the time allowed by applicable law. Borrower has no right to any excess of less than the minimum amount required to be paid by applicable law.
- 11. ATTORNEYS FEES/COURT COSTS** Borrower agrees to pay all attorneys fees, expenses and costs incurred by Lender in collecting amounts due from Borrower under this Agreement, including attorneys fees incurred on appeal and in bankruptcy, unless prohibited or limited by applicable law.
- 12. LENDER RELATIONSHIP** Borrower acknowledges that: (a) Lender is not an insurance agent nor an insurance company, (b) This Agreement is a financing agreement and not an insurance policy or guarantee of insurance coverage, (c) Lender has played no part in the selection or structuring of the financed insurance policies, (d) Lender has no obligation to request reinstatement of any insurance policies properly cancelled after a default under this Agreement, and (e) The decision of whether to reinstate insurance coverage is made solely by the insurance companies providing coverage, not Lender.
- 13. ADDITIONAL PREMIUMS** Lender may advance to Producer, as Borrower's agent, or to an insurance company any additional premiums that may become due, less normal down payment, adding the advanced amount, plus any finance charge, to Borrower's balance under this Agreement. However, any additional premium which is owed to the insurance company(ies) named in the Scheduled Policies of Insurance as a result of any misclassification of risk which is not paid in full or financed in this Agreement may result in cancellation of the coverage by the insurance company for nonpayment of premium. Lender's payment shall not be applied by the insurer to pay for any additional premium owed by Borrower as a result of any misclassification of risk.
- 14. LENDER LIABILITY** Lender is not responsible for any damages resulting from cancellation of the Scheduled Policies of Insurance by Lender, as long as the cancellation was done in accordance with applicable law. Borrower shall be responsible for Lender's reasonable attorneys fees and expenses for any unsuccessful action filed by Borrower seeking damages for improper cancellation. In no event shall Lender's liability for breach of this Agreement exceed the unpaid balance owed by Borrower under this Agreement.
- 15. RETURNED CHECKS** Borrower agrees to pay a returned check fee of \$20, as allowed by applicable law, for each of Borrower's checks returned to Lender for insufficient funds or because the insured has no account in the payor bank.
- 16. WARRANTIES OF BORROWER** Borrower warrants that: (a) Each of the Scheduled Policies of Insurance have been issued or a binder has been issued; (b) Borrower has not and will not assign or encumber any unearned premium of the Scheduled Policies of Insurance or grant a power of attorney to cancel the Scheduled Policies of Insurance to anyone other than Lender until all sums due under this Agreement are paid in full; (c) Lender may assign all its rights under this Agreement as allowed by applicable law; (d) No proceeding in bankruptcy or insolvency has been instituted by or against Borrower or is contemplated by Borrower, and (e) No insurance financed by this Agreement was purchased for personal, family or household purposes, unless so indicated on page 1.
- 17. INTEREST CALCULATION** Interest is computed on an annual basis of 12 months of 30 days on the balance of the Total Amount Financed, from the effective date of the earliest insurance policy for which premiums are being advanced to the date when all sums due under this Agreement are paid.
- 18. BLANK SPACES** Borrower agrees that if any policy financed by this Agreement has not been issued at the time the Agreement is signed, the names of the insurance companies issuing the financed policies, the policy numbers and the due date of the first installment may be inserted in the Agreement after it is signed.
- 19. GOVERNING LAW** The Parties agree that the law of the state in which this Agreement is executed shall control the interpretation of the Agreement and the rights of the parties, unless the Agreement is executed in a state without premium finance laws, in which case the law of the State of Florida shall govern.
- 20. SAVINGS AND MERGER CLAUSE** The Parties agree that if one or more portions of this Agreement are found to be invalid or unenforceable for any reason, the remaining portions shall remain fully enforceable. The parties also agree that this Agreement contains the entire agreement between the parties regarding the subject matter herein and supersedes any prior discussions.
- 21. FINANCING OPTION** Entry into this financing arrangement is not a condition of obtaining insurance. You may opt to pay the premium for such insurance without financing such premium, or to obtain financing from some other source if you choose.



State: GA

SCHEDULED POLICIES OF INSURANCE

V8(0)NI3.69

NAHUNTA PELLETS LLC & ENOVA ENERGY BIOFUELS LLC MANAGEMENT SOUTH AGENCY 13076
 FORMERLY SEGA BIOFUELS LLC PO BOX 348
 15333 HWY 2 W BLACKSHEAR, GA 31516
 NAHUNTA, GA 31553 ***D126156*** (912) 449-6666
 CMCQUAIG@ACCESSATC.NET

Premium	Down Payment	Unpaid Balance	Doc Stamps/Fees	Amt. Financed	Finance Charges	Total / Payments
156,000.00	54,600.00 (35.00 %)	101,400.00	0.00	101,400.00	2,065.60	103,465.60

Payment	Payments	Rate	First Due	Type	Status	Contract Type
10,346.56	10	4.42 %	4/14/2014	INVOICE	NEW	COMMERCIAL

EFF DATE	COMPANY / BROKER	CITY	ST	CO. #	TYPE MEP	POLICY NO.	TOTAL PREMIUM
3/14/2014	CO: LIBERTY SURPLUS	CHARLOTTE	NC	87732	PROP		75,000.00
3/14/2015	MGA: RISK PLACEMENT SVCS	ALPHARETTA	GA	63073	35.00 %		
						Taxes/Fees	3,000.00
						Total	78,000.00

3/14/2014	CO: ASPEN SPECIALTY INS	ATLANTA	GA	87358	PROP		75,000.00
3/14/2015	MGA: RISK PLACEMENT SVCS	ALPHARETTA	GA	63073	35.00 %		
						Taxes/Fees	3,000.00
						Total	78,000.00

Created By: UFSM103 Auth Code: _____

ADDITIONAL REPRESENTATIONS & WARRANTIES OF PRODUCER

(F) All information provided above is complete and correct in all respects and the policies listed above are or will be in force on the stated Effective Date and delivered by Producer to the Borrower, except for assigned risk or residual market policies.

(G) If any information listed above is or becomes incomplete or inaccurate, Producer shall promptly provide correct information to Lender.

(H) The Producer is an authorized policy issuing agent of the companies issuing the policies listed above or is the authorized agent of the MGA or broker placing the coverage directly with the insuring company, **except those policies indicated with an "X"**.

(I) None of the policies listed above are subject to reporting or retrospective rating provisions. All policies subject to audit, minimum or fully earned premium provisions are indicated below:

Policy No and Prefix No: _____

(J) Except as indicated above, all Scheduled Policies of Insurance can be cancelled by Borrower or Lender on 10 days notice and the unearned premiums will be computed pro rata or on the standard short rate table.

(K) If any Scheduled Policies of Insurance are subject to audit, Producer and Borrower have made good faith determination that the deposit, provisional or initial premiums are not less than the anticipated premiums to be earned for the full term of the policy(ies).

(L) Upon cancellation of any of the Scheduled Policies of Insurance, Producer shall remit to Lender the full amount of the unearned premium, including unearned commission, as well as any other payments or credits received by Producer, up to the unpaid balance due under this Agreement, within 15 days of receipt from the insuring company.

DOCUMENTARY STAMPS REQUIRED BY LAW IF ANY ARE AFFIXED TO MONTHLY JOURNAL AND CANCELLED.



March 18, 2014

Wes Robinson
Risk Placement Services, Inc.
2400 Lakeview Parkway, Suite 675
ALPHARETTA, GA 30009

Re: **Sega Biofuels, LLC**
15333 Hwy 2 W.
NAHUNTA, GA 31553

HOME STATE: GA

Policy Number: 1000080372-02

We are pleased to offer the following **binder** on the above account:

Carrier: Liberty Surplus Insurance Corporation (rated A by A.M. Best)

Policy Period: 03/14/2014 to 03/14/2015

Interests Covered: Building; Personal Property; Finished Stock

Limit of Liability: \$7,962,500 (50.00%) part of \$15,925,000 per occurrence.

Maximum Limit of Liability: \$7,962,500 in any one occurrence

Perils Insured Against: All Risks of Direct Physical Loss or Damage excluding Flood, Earthquake, and Equipment Breakdown/Boiler & Machinery

Covered Locations:

1. 15333 Highway 82, Nahunta, GA 31553-3735 (15333 Hwy 82 - \$225K)
2. 15333 Highway 82, Nahunta, GA 31553-3735 (15333 Hwy 82 - Storage)
3. 15333 Highway 82, Nahunta, GA 31553-3735 (15333 Hwy 82 - Manufacturing)
4. 225 Newcastle St, Brunswick, GA 31520-8571 (225 Newcastle St - Finished Stock)

Coverage Territory: All locations within the United States of America, Puerto Rico, Canada, and US Virgin Islands.

Coverage Forms LIU Quota Share Coverage Form

Total Insured Values \$15,925,000 as per schedule of values on file with the company as of 03/11/2014

Valuation: As per Lead Policy

Coinsurance: As per Lead Policy

Deductible(s): As per Lead Policy (to be at least \$100,000 per occurrence)

Policy Premium: \$75,000 Minimum Earned 35.00% Commission 10.00%
Premium:

Terrorism Coverage - TRIA Premium: Rejected

This policy may be subject to surplus lines taxes, stamping fees, surcharges, and certain surplus lines reporting requirements mandated by state regulation. The Surplus Lines Broker is responsible for the disclosure of all related taxes, surcharges, and fees. The Surplus Lines Broker is also responsible for the applicable surplus lines reporting requirements including but not limited to the submission of diligent search forms.



Comments: Thank you for the renewal opportunity to continue to assist with your insurance needs.

Forms and Endorsements:

Policy Jacket

Commercial Property Policy Declarations LSI-CPD001-0813

Form and Endorsement Schedule LSI-CPE007-1210

Commercial Property Conditions LSI-CPP001-1113

Quota Share Coverage Form LSI-CPP003-0812

Asbestos Exclusion LSI-CPE001-1210

Electronic Data Limited Coverage Endorsement LSI-CPE002-1210

Exclusion of Pathogenic or Poisonous Biological or Chemical Materials LSI-CPE010-0111

Fungus, Wet Rot, Dry Rot and Bacteria Limited Coverage Endorsement LSI-CPE003-1210

Minimum Earned Premium Clause - Percentage LSI-CPE009-0111

Nuclear Reaction or Nuclear Radiation or Radioactive Contamination Exclusion LSI-CPE008-0111

Occurrence Limit of Liability Endorsement LSI-CPE004-0513

Pollutant Exclusions LSI-CPE006-1210

U.S Economic and Trade Sanctions Clause OFAC 08/09

Service of Suit Clause SC-9-GA (10/08)

Exclusion of Certified Acts of Terrorism CG 21 73 01 08

Notification of Claims

This binder is subject to the following:

Premium indication is subject to any adjustment in the total insured values.

Best terms apply. Any nonoccurrence of terms, premium differences, deductibles, coverages, exclusions, limits, or sublimits with co-participants on this layer is subject to approval in writing by the underwriter presenting this quote.

Excludes Equipment Breakdown (Boiler and Machinery).

Final proposal is subject to favorable loss control surveys.

30 days Notice of Cancellation, except for 10 days for non-payment of premium.

Copy of Lead Policy required.

A completed, signed application or statement of values prior to binding.

Signed Surplus Lines Tax Form at binding.

Signed Terrorism Coverage Election Form at binding.

Occurrence Limits of Liability: 100%

Premium is payable within 30 days of effective date.

Please review the above binder carefully. It may not provide all coverages and considerations requested in the application provided to the company. Please contact us with any questions.



Commercial Property

LIBERTY SURPLUS INSURANCE CORPORATION

(A New Hampshire Stock Insurance Company, hereinafter the "Company")

Named Insured: Sega Biofuels, LLC
Policy Number: 1000080372-02
Effective Date: 03/14/2014

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM

"Any injury or damage" arising, directly or indirectly, out of a "certified act of terrorism".

B. The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Part to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part.
2. "Certified act of terrorism" means an 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, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
 - a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
 - b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Important Notice to Our Insureds/Brokers/Agents

NOTIFICATION OF CLAIMS

Upon knowledge of any occurrence likely to give rise to a claim hereunder, “you” must give immediate notice to:

ENGLE MARTIN CLAIMS ADMINISTRATIVE SERVICES

EMCAS Property Claims Department

Claim Reporting Email: LIUESPCLAIMS@emcas.com

**Claim Reporting Fax Number:
(678) 553-3820**

Toll Free Number: (888) 239-7872



175 Berkeley Street
Boston, MA 02116

Policyholder Name: Sega Biofuels, LLC
Effective: 03/14/2014
Quote Number: 1000080372-02

TERRORISM COVERAGE ELECTION FORM

PLEASE INDICATE YOUR ELECTION TO ACCEPT OR REJECT THIS OFFER BELOW:

- I hereby elect to purchase coverage for “certified acts of terrorism” for the policy period for \$3,750.
- I hereby reject this offer of coverage for the policy period. I understand that by rejecting this offer, I will have no coverage for losses arising from “certified acts of terrorism.”

MANDATORY PREMIUM DISCLOSURE STATEMENT

Fire insurance is mandatory in some states. The premium charge for fire losses that result from “certified acts of terrorism” and occur in states that require this coverage is included in the total premium amount shown above. This mandatory premium will be charged whether you accept or reject terrorism coverage.

POLICYHOLDER ACKNOWLEDGEMENT

I hereby acknowledge that I have received notice of TRIA, the federal share of compensation for “certified acts of terrorism,” the premium charge for losses covered by TRIA, and the Company’s limit of liability should losses covered by TRIA exceed \$100 billion.

Policyholder/Applicant Signature

Date

Print Name

The summary of the Act and the coverage under your policy contained in this notice is necessarily general in nature. Your policy contains specific terms, definitions, exclusions and conditions. In case of any conflict, your policy language will control the resolution of all coverage questions. Please read your policy carefully.

If you have any questions regarding this notice, please contact your sales representative or agent.



PROPERTY BINDER

Account Name: SEGA BioFuels, LLC

Mailing Address: 15333 Highway 82 West
Nahunta, GA 31553

Covered Location: Scheduled Real and Personal Property as per Statement of Values on file with the Company

Insurance Company: Aspen Specialty Insurance Company
(A Non-Admitted Company rated A XV)

Effective Date: March 14th, 2014 to March 14th, 2015
(Beginning and Ending at 12:01 AM)

POLICY NUMBER: **PRACF6P14**

Operations: Pellet Manufacturing Plant

Perils: All Risk of Direct Physical Loss or Damage, **Excluding Flood and Earthquake, and, Excluding Equipment Breakdown**, and as more clearly defined by the policy forms

Covered Property: Buildings and Personal Property Only

Limit of Liability: \$7,962,500 part of \$15,925,000 per Occurrence

Deductibles: \$100,000 per Occurrence for All Covered Perils

Sub-Limits: **None Applicable**

Total Insured Values: \$15,925,000

Valuation: Replacement Cost – PD

Coinsurance PD: N/A

Coinsurance B.I.: N/A



Forms:
ISO Special Coverage Forms will apply Including: Protective Safeguards (See Conditions Section Below for details)
Mandatory Endorsements:
Excess Insurance – Form ASPPR061
Participation Clause – Form ASPPR090
Common Policy Conditions – Form ASPPR138
Commercial Property Conditions - Form CP 00 90
General Pre Existing Damage Exclusion – Form ASPPR035
General Service of Suit Endorsement – Form ASPCO002
Occurrence Limit of Liability – Form ASPPR068
Exclusion and Limited Additional Coverage for Fungus – Form ASPPR089
Exclusion of Certain Computer-Related Losses – Form IL 09 35
Exclusion of Certified Acts of Terrorism- Form #IL0953
Electronic Data Endorsement – Form #NMA2915
Nuclear, Biological, Chemical or Radiological Terrorism Exclusion – Form ASPCO023
Seepage and/or Pollution and/or Contamination Exclusion – Form #ASPPR081 0907
Earned Premium Endorsement- Form#ASPPR005 – Removed per Discussion on 3/17/14
Minimum Earned Premium Clause Percentage – Form ASPPR072 0807
Policy Holders Guide to Reporting – Form #ASPPR100
OFAC Enforcement – Form ASPC 0021
Loss Adjustment Endorsement- Form ASPPR086

Premium:	\$75,000	Or, 50% of \$150,000 GAL; Excludes Tria Premium and all Applicable Fees and Taxes
TRIA Charge:	\$3,750	Tria Coverage is acknowledged as “Declined” at the time of binding. Please return a signed copy of the Tria Form found below confirming your coverage selection.
Commission:	10%	



Conditions: This **BINDER** is subject to the following conditions. Please read them carefully.

- Policy Warrants: Noncombustible or better constructed buildings as per Statement of Values of File with the Company and building remains fully occupied and in production a minimum of one 8 hour shift per day; Excluded Perils if warranty is voided: Fire/Wind and Hail

- Policy Also Warrants: Sprinkler protection remains in service at all times per SOV on file with the company, and has remote or central station alarms. Additionally, special extinguishing systems are provided and in-service for the bag houses, including spark detection interlocked with system shut off and abort dampers; Excluded Perils if warranty is voided: Fire

- A satisfactory loss control report conducted by Aspen Specialty Insurance Company and compliance with any recommendations.

- Payment of appropriate surplus lines taxes, etc.

- Premium is due within 45 days of binding.

- Minimum earned premium of **35%** will apply.

- Please confirm your choice to purchase or decline terrorism coverage as outlined in this quote by returning the signed terrorism form.

- Designated Adjuster – The Company reserves the right to substitute and or engage its own adjusters, investigators and experts at its sole discretion and expense. In addition all losses must be reported to Aspen as soon as known – Refer to ASPPR100 0511

- All Additions will be subject to Re-rate/Underwriting based on Occupancy and Location.



**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, *as defined in Section 102(1) of the Act*: 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—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS’ LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

Acceptance or Rejection of Terrorism Insurance Coverage

<input type="checkbox"/>	I hereby elect to purchase terrorism coverage for a prospective premium of \$3,750.
<input type="checkbox"/>	I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

Policyholder/Applicant’s Signature

Insurance Company

Title

PRACF6P14

Policy Number

Date