

COMMERCIAL REINSURANCE COVER NOTE

This Cover Note is an accompanying document to the Policy Wording and must be read as one document. This document details the contract terms entered into by the insurer(s). For further details of your insurance cover please refer to the Additional Warranties, Terms, Clauses and Conditions section of this Cover Note.

Policy Number:	AUA17PALMS-1/1001		
Reinsured:	Royalstar Assurance Ltd, John F Kennedy Drive, PO Box N 4391, Nassau, Bahamas		
Original Insured Name:	The Palms Holdings Limited. The Palms Resort Limited, The Proprietors of Strata Plan No. 50 (Strata Association) Tipperary T&C Management formerly known as Regent T&C Management Limited, Millennium Estates Limited, Village lot No. 24 Limited and the owners of Individual Condominium Apartments for their respective rights and interests.		
Original Insured Mailing Address:	Grace Bay, Providenciales, Turks and Caicos		Original Insured Premises Address:
	Grace Bay, Providenciales, Turks and Caicos		Grace Bay, Providenciales, Turks and Caicos
Broker:	JLT North America, JLT Re (North America) Inc., 1221 Brickell Avenue, Suite 1860 Miami, Florida, FL 33131		
Period:	From:	31st January 2017	To: 31st January 2018
	Both Days at 12.01am Local Standard Time of the Property Insured		
Interests	Sum Reinsured		
Buildings:	USD	33,544,000	Exterior Buildings
	USD	25,616,000	Interior Buildings
Hardscaping:	USD	5,831,000	
Contents:		NIL	
Business Interruption:	USD	2,366,000	Indemnity Period 12 Months
Stock:		NIL	
Professional Fees, Demolition and Debris Removal:	USD	2,487,000	
Machinery, Plant and Equipment:		NIL	
Total Sum Reinsured:	USD	69,844,000	See Attached Schedule of Values for further breakdown
Deductible Peril	Amount	Basis	
Hurricane, Windstorm, Earthquake and Flood	2%	of the Total Sum Insured per Item listed in the Schedule of Values any one loss occurrence.	
All Other Perils	USD 2,500	any one loss occurrence	

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Total Premium:	USD 349,220 Annual (100%)
Order:	100%
Payment Terms:	90 Days From Inception
Insuring Agreement Wording:	AURA Commercial Wording 2016
Additional Warranties, Terms, Clauses and Conditions:	<p>In consideration of the premium charged, and subject to the terms and conditions of this Contract as set out in this contract and its attachments and/or endorsements applicable thereto, this Contract reinsures the Reinsured's interest in those payments made within the terms and conditions of the Original Policy Number TBC (or renewal or replacement thereof excluding Premium and Sum Reinsured, all ex gratia and without prejudice settlements) exceeding the Excess amount as set out in this contract up to the SUM REINSURED/ LIMITS OF INDEMNITY amount shown above.</p> <p>Furthermore the terms and conditions of this Reinsurance Contract override any conditions contained in Cover Notes issued by Reinsurers unless specifically otherwise agreed</p> <p>Reinsurers agree to waive advice of Reinsured's retention.</p> <p>Reinsurers hereon agree that, if so requested, claim(s) payments hereon shall take place at the same time as settlement or advance of funds under the original policy.</p> <p>Values Declared (And Incorrect Declaration Penalty) Condition as attached.</p> <p>Business Interruption Extension as attached.</p>
Overseas Law and Jurisdiction:	Turks and Caicos Islands
Nominee:	Royalstar Assurance Ltd, John F Kennedy Drive, PO Box N 4391, Nassau, Bahamas
Loss Payee:	See Loss Payee Schedule attached.
Security:	Lloyd's

Signed:

Date: 17th January 2017



For and on behalf of AURA Underwriting

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IMPORTANT:

In the event of loss or damage covered under insurance that may result in a claim, please first contact your broker. If you are unable to reach your broker please contact: York RSG (International) Ltd either via dedicated email address auraclaims@yorkrsg.com. or telephone numbers +44 (0) 7867 784223 or 001786 2416498.

DISCLOSURE OF MATERIAL FACTS- Please note that it is your duty to disclose all material facts to Underwriters prior to inception of the policy, and to keep them advised of any changes to such facts or any new facts throughout the currency of the policy, and upon renewal of the policy. Underwriters reserve the right to cancel this policy from inception without notice in the event of misrepresentation or non-disclosure of any material fact. A material fact is a fact which may influence an Underwriter's judgment in their assessment of a risk. If you are in any doubt as to whether a fact is material we recommend that it be disclosed.

Several Liability Notice

The subscribing (re)insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-sub-scribing insurer who for any reason does not satisfy all or part of its obligations.

Values Declared (And Incorrect Declaration Penalty) Condition

The premium for this policy has been based on a statement of values declared to and agreed by underwriters at the inception of this insurance and stated in the Cover Note.

If the values declared in any section above are less than 85% of the correct values (as stated in the Cover Note), then any recovery otherwise due hereunder shall be reduced in the same proportion that the values declared above bear to the values that should have been declared and the assured shall co-insure for the balance.

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Security

Primary Layer

The First 50% of Building A, Building B, Building C, Building D, Building E & Business Interruption Value applied separately to each building as specified in the Schedule of Values, all other items 100% of values:

Chubb 2488	17.50%
QBE 1886	17.50%
Atrium 609	10.50%
Endurance 5151	8.50%
Standard 1884	5.50%
Antares 1274	20.00%
Canopus 4444	10.50%
Probitas 1492	10.00%

Excess Layer

The Second 50% of Building A , Building B, Building C, Building D, Building E & Business Interruption Value applied separately to each building as specified in the Schedule of Values

Hannover Re, German	100%
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Loss Payee

CIBC First Caribbean International Bank, P.O. Box 236, Leeward Highway, Providenciales, Turks and Caicos Islands, in respect of the following:

The Palms Holdings Ltd

1. 60804/122: Tennis Court
2. 60804/123: Spa
3. 60804/124: Hotel Lobby, Retail Shops, Restaurant, Bar, Ballroom, Conference Facility.
4. 60804/125/K79: Offices/Stock Room
5. 60804/125/K91: Kid's Club
6. 60804/125/K96 Storage
7. 60804/125/K99: F&B Office And Storage
8. 60804/125/K103: Staff Cafeteria
9. 60804/125/K108 HR Office
10. 60804/125/K118: Garage
11. 60804/125/K119: Plunge (Pool Restaurant)
12. 60804/125/K84: Hospitality Room/General Manager's Office

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Schedule of Values

Item	Value
Building A Exterior	USD 8,609,000
Building A Interior	USD 6,575,000
Building B Exterior	USD 3,937,000
Building B Interior	USD 3,006,000
Building C Exterior	USD 8,452,000
Building C Interior	USD 6,454,000
Building D Exterior	USD 3,937,000
Building D Interior	USD 3,006,000
Building E Exterior	USD 8,609,000
Building E Interior	USD 6,575,000
Garages and Storage Exterior	USD 1,186,000
Garages and Storage Interior	USD 574,000
Demolition & Debris Removal: Buildings Exterior	USD 1,387,000
Demolition & Debris Removal: Buildings Interior	USD 653,000
Planning and Building Regulation Fees: Buildings Exterior	USD 174,000
Planning and Building Regulation Fees: Buildings Interior	USD 131,000
Pools and Hot Tub	USD 1,050,000
Tennis Court	USD 135,000
Restrooms	USD 45,000
Hard Landscaping / MEP	USD 2,841,000
Demolition & Debris Removal: External Works	USD 114,000
Planning and Building Regulation Fees: External Works	USD 28,000
Business Interruption (12 Months)	USD 2,366,000
Total Values	USD 69,844,000

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Business Interruption Extension

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

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

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

or

- b) twelve (12) calendar months,

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

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

CONDITIONS

1. Direct Loss or Damage

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

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

2. Values Declared (and Incorrect Declaration Penalty)

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

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

3. Resumption of Operations

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

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

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and/or

c) by using or increasing operations elsewhere,

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

4. Expenses to reduce Loss

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

EXCLUSIONS

This Extension does not insure against:-

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

LIMITATIONS

1. The Underwriters shall not be liable for more than the smaller of either:-

a) any specific Business Interruption Sum Insured stated in the Cover Note,

or

b) the Sum Insured stated in the Cover Note, where such includes Business Interruption, if such is a combined limit,

in respect of such loss, regardless of the number of locations suffering an interruption of business as a result of anyone occurrence.

2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, by the perils insured against the length of time for which the Underwriters shall be liable hereunder shall not exceed:-
 - a) thirty (30) consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or,
 - b) the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed but not exceeding twelve (12) calendar months, whichever is the greater length of time.

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DEFINITIONS

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

No other costs shall be deducted in determining Gross Earnings.

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

2. Raw Stock

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

3. Stock in Process

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

4. Finished Stock

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

5. Merchandise

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

6. Normal

The condition that would have existed had no loss occurred.