

ARTICLE 7
Insurance

7.1. *Property Insurance.* Lessee agrees, at all times during the continuance of this Lease, at its own cost and expense, to keep all the buildings and improvements and building service equipment now or hereafter situate on the premises or any part thereof insured in the name of Lessor, Lessee and Mortgagees, as their respective interests may appear, under valid and enforceable policies issued by insurers, qualified in the respective States wherein the Properties are located, of recognized responsibility, against loss and damage by fire and extended coverage risks in an amount not less than 80% of the full insurable value thereof, but in no event an amount less than required to prevent Lessor, Mortgagees or Lessee from becoming a co-insurer. The term "full insurable value" shall mean the actual replacement cost (excluding foundation and excavation costs) less physical depreciation.

7.2. *Liability Insurance, etc.* Lessee will also maintain general public liability insurance under valid and enforceable policies with insurers of recognized responsibility against claims against Lessor, Lessee and Mortgagees for bodily injury or death or property damage occurring in or on or about the premises or any part thereof or in connection with the maintenance or operation of the premises, in at least such amounts as such insurance is carried by persons operating retail stores of comparable character, but in any event with limits of not less than \$1,000,000 in respect to any one accident, \$300,000 in respect of bodily injury or death to any one person and \$300,000 for property damage. Lessee will also maintain all such workmen's compensation or similar insurance in respect of any operation, maintenance, protection, repair, alteration, enlargement or reconstruction by it of the premises or any part thereof as may be required under applicable law.

7.3. *Terms of Policies, etc.* Any of the insurance specified herein may be provided by Lessee under blanket insurance policies which

cover properties in addition to the premises, provided any such insurance of the type specified in Section 7.1 is properly allocated to each Property covered thereby. All insurance proceeds for losses, other than under public liability insurance policies, shall be payable to the Mortgagee under a standard form of mortgage clause (providing in any event for payment to the Mortgagee notwithstanding any act or neglect of the mortgagor or owner of the property covered thereby) or, after the satisfaction or discharge of the Mortgage, to Lessor, *provided*, that so long as no default shall have occurred and be continuing under either the Mortgage or this Lease, all insurance proceeds shall be paid directly to Lessee if not in excess of \$50,000 with respect to any one loss. Any insurer shall be entitled to assume conclusively that no such default has occurred or is continuing if such insurer has not been notified in writing by Lessor or the Mortgagee of the existence of such a default. All public liability insurance policies shall name as insured persons Lessor, Lessee and the Mortgagee. Each policy of insurance provided for in this Article 7 or certificate therefor shall contain an agreement by the insurer that such policy shall not be cancelled, materially altered or reduced in amount without at least 10 days' prior written notice to Lessor and the Mortgagee. Upon the execution of this Lease, and thereafter not less than 15 days prior to the expiration dates of the expiring policies theretofore delivered pursuant to this Section, Lessee shall deliver to Mortgagee, or after the satisfaction and discharge of the Mortgage, to Lessor, duplicate originals (or certificates thereof issued by the insurers) of policies for the insurance specified in this Article 7.

All proceeds of insurance received by the Mortgagee under this Section shall be held by the Mortgagee and paid over or applied by the Mortgagee as provided in Article V of the Mortgage. Lessee agrees to pay or reimburse Lessor, at its request, for all costs, including counsel fees, which may be reasonably incurred by Lessor, or in respect of which Lessor is obligated, in recovering or seeking to recover the proceeds of insurance as provided in this Lease. In case of any loss in respect of any part of the premises covered by any policy or other contract of insurance, any adjustment and settlement of such loss which shall be agreed upon between the Lessee and any insurer shall be evidenced by an Officers' Certificate, furnished to the