

of insurance shall be deposited with the insurance Trustee and a memorandum thereof shall be deposited with any first mortgagee who may require the same. The Insurance Trustee must first acknowledge that the insurance policies and any proceeds thereof will be held in accordance with the terms hereof. The Board of Directors shall pay, for the benefit of the owner of each unit and each unit mortgagee, all premiums upon insurance policies purchased by the Association and such premium payments shall be charged as a common expense. The insurance shall be purchased from recognized insurance companies duly licensed to operate in the State of South Carolina.

3. The buildings and all other insurable improvements upon the land and all personal property as may be owned by the Association shall be covered by the following insurance:

(a) Fire and extended coverage insurance and vandalism and malicious mischief insurance in an amount or amounts equal to the maximum insurable replacement value as determined annually by the Board of Directors, together with other casualty or physical damage insurance customary with respect to buildings similar in construction, location and use as the Board of Directors may hereafter determine.

(b) Public liability and property damage insurance in such amounts and in such forms as shall be required by the Board of Directors, providing that all liability insurance shall contain cross-liability endorsements to cover liabilities of the unit owners as a group to an individual unit owner and of one unit owner against another.

(c) Workmen's compensation insurance, if necessary or if required in order to comply with the requirements of law.

(d) Fidelity insurance covering those employees of the Board of Directors or those agents and employees hired by the Board of Directors who handle condominium funds, in amounts as determined