

(B) WHEN THE GOODS ARE SHIPPED, MARKED OR OTHERWISE DESIGNATED BY THE LESSOR AS GOODS TO WHICH THE LEASE CONTRACT REFERS, IF THE LEASE CONTRACT IS FOR A LEASE OF GOODS THAT ARE NOT EXISTING AND IDENTIFIED; OR

(C) WHEN THE YOUNG ARE CONCEIVED, IF THE LEASE CONTRACT IS FOR A LEASE OF UNBORN YOUNG OF ANIMALS.

2A-218. INSURANCE AND PROCEEDS

(1) A LESSEE OBTAINS AN INSURABLE INTEREST WHEN EXISTING GOODS ARE IDENTIFIED TO THE LEASE CONTRACT EVEN THOUGH THE GOODS IDENTIFIED ARE NONCONFORMING AND THE LESSEE HAS AN OPTION TO REJECT THEM.

(2) IF A LESSEE HAS AN INSURABLE INTEREST ONLY BY REASON OF THE LESSOR'S IDENTIFICATION OF THE GOODS, THE LESSOR, UNTIL DEFAULT OR INSOLVENCY OR NOTIFICATION TO THE LESSEE THAT IDENTIFICATION IS FINAL, MAY SUBSTITUTE OTHER GOODS FOR THOSE IDENTIFIED.

(3) NOTWITHSTANDING A LESSEE'S INSURABLE INTEREST UNDER SUBSECTIONS (1) AND (2), THE LESSOR RETAINS AN INSURABLE INTEREST UNTIL AN OPTION TO BUY HAS BEEN EXERCISED BY THE LESSEE AND RISK OF LOSS HAS PASSED TO THE LESSEE.

(4) NOTHING IN THIS SECTION IMPAIRS ANY INSURABLE INTEREST RECOGNIZED UNDER ANY OTHER STATUTE OR RULE OF LAW.

(5) THE PARTIES BY AGREEMENT MAY DETERMINE THAT ONE OR MORE PARTIES HAVE AN OBLIGATION TO OBTAIN AND PAY FOR INSURANCE COVERING THE GOODS AND BY AGREEMENT MAY DETERMINE THE BENEFICIARY OF THE PROCEEDS OF THE INSURANCE.

2A-219. RISK OF LOSS

(1) EXCEPT IN THE CASE OF A FINANCE LEASE, RISK OF LOSS IS RETAINED BY THE LESSOR AND DOES NOT PASS TO THE LESSEE. IN THE CASE OF A FINANCE LEASE, RISK OF LOSS PASSES TO THE LESSEE.

(2) SUBJECT TO THE PROVISIONS OF THIS ARTICLE ON THE EFFECT OF DEFAULT ON RISK OF LOSS (§ 2A-220), IF RISK OF LOSS IS TO PASS TO THE LESSEE AND THE TIME OF PASSAGE IS NOT STATED, THE FOLLOWING RULES APPLY:

(A) IF A LEASE CONTRACT REQUIRES OR AUTHORIZES THE GOODS TO BE SHIPPED BY CARRIER;

(1) AND IT DOES NOT REQUIRE DELIVERY AT A PARTICULAR DESTINATION, THE RISK OF LOSS PASSES TO THE LESSEE WHEN THE GOODS ARE DULY DELIVERED TO THE CARRIER; BUT