

PROPERTY

1. LIMITS OF COVERAGE

- A. For perils insured under the Property Section of this coverage document (other than for **Earthquake** and **Flood**), the limit hereunder for each **Member District** shall be that amount shown on the **Member District's** Declarations.
- B. For the perils of **Earthquake**, the limit shall be \$2,000,000 per occurrence and annual aggregate, unless a higher limit is specifically provided by endorsement.
- C. For the perils of **Flood**, the limit shall be \$2,000,000 per occurrence and annual aggregate, unless a higher limit is specifically provided by endorsement.
- D. In the event of a total loss to any premise(s) insured hereunder, the limit of recovery shall not exceed the total of values shown on the **Member District's** Declarations or the scheduled value shown on the statement of values plus twenty-five (25) percent of that amount.
- E. To the extent coverage for a “**certified act of terrorism**” or an “**other act of terrorism**” is excluded by this coverage document, the **Pool** will provide coverage subject to a per occurrence and annual coverage period aggregate limit of \$1,000,000. This is a per **Member** limit.

In addition to the per **Member** limit of \$1,000,000 above, the total coverage available to all **Members** in any single January 1 through December 31 coverage period will be limited to \$5,000,000. Once this \$5,000,000 limit is exhausted there will no longer be any coverage provided to the membership during the January 1 through December 31 coverage period.

- F. The following per occurrence sublimits also apply:
 - (1) \$ 1,000,000 Newly Acquired or Newly Constructed Real Property
 - (2) \$ 500,000 Newly Acquired Personal Property
 - (3) \$ 100,000 Contractor's Equipment - Rented, Leased, or Hired
 - (4) \$ 10,000 Contractor's Equipment-Rental Reimbursement
 - (5) \$ 250,000 Business Income including Extra Expense/Rental Income unless a different Limit of Insurance is shown in the **Member District's** Declarations

- (6) \$100,000 each for: Accounts Receivable,
 Valuable Papers & Records,
 Personal Property in Transit,
 Fine Arts,
 Electronic Data Processing Equipment and Media,
 Extra Expense including EDP Extra Expense,
 Personal Property in the Care, Custody, or Control of carriers or bailees for hire or in due course of transit,
 Off-Premises Service Interruption

- (7) \$ 25,000 each for: Real and/or Personal Property at Unscheduled Locations,
 Personal Property of Employees or Volunteers,
 Loss Adjustment Expenses (Refer to Section 23),
 Pollutant Clean-Up,
 Trees, Shrubs and Plants,
 Fire Department Service Charge

- (8) \$10,000 each for: Money & Securities-Inside or Outside

- (9) (If purchased) On Owned Watercraft which are:
Amount shown 1) under 25' in length, and
on Member 2) not ocean-going vessels, and
District's 3) no fees are charged.
Declarations

2. DEDUCTIBLE

A. All losses, damages, or expenses arising out of any one occurrence shall be adjusted as one loss and from the amount of such adjusted loss shall be deducted the sum shown on the Property and/or Inland Marine Schedule for the **Member District** involved.

Whether the claim involves loss at one or more locations, the deductible amount shall apply against the total loss suffered by the **Member District** from any one occurrence.

B. If two or more deductible amounts in this coverage document apply to a single occurrence, the total to be deducted shall not exceed the largest deductible applicable.

C. **Earthquake:** 2% per occurrence of the value of the covered damaged property at the time loss occurs, subject to a \$5,000 minimum and \$50,000 maximum.

D. **Flood:** 2% per occurrence of the value of the covered damaged property at the time loss occurs, subject to a \$5,000 minimum and \$50,000 maximum.

3. LOSS PAYABLE

Loss, if any, shall be adjusted with and payable to the appropriate **Member District** or its order, whose receipt shall constitute a release in full of all liability under this coverage document with respect to such loss.

4. COVERAGE

Except as hereinafter excluded, this coverage document covers:

A. REAL AND PERSONAL PROPERTY

- (1) The interest of the **Member District** in all real and personal property (including fixtures, improvements and betterments) owned, used, or intended for use by the **Member District**, or hereafter constructed, erected, installed, or acquired including while in course of construction, erection, installation, and assembly. (Refer to Section 18 for Value Reporting Requirements.)

In the event of loss or damage, the **Pool** agrees to accept and consider the **Member District** as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.

- (2) The interest of the **Member District** in the real and personal property of others in the **Member District's** care, custody, or control and the **Member District's** liability imposed by law or assumed by contract, whether written or oral, for such property.
- (3) At the option of the **Member District**, personal property of the **Member District's** officials and employees or volunteers while on the premises of the **Member District** or at work site of the individual **Member District**.
- (4) Contractors' and vendors' interests in property covered to the extent of the **Member District's** liability imposed by law or assumed by contract, whether written or oral.

B. BUSINESS INCOME INCLUDING EXTRA EXPENSE/RENTAL INCOME

- (1) Loss resulting from necessary interruption of business conducted by the **Member District** and caused by loss, damage, or destruction by any of the perils covered herein during the term of this coverage document to real or personal property as described in Section 4.A.
- (2) If such loss occurs during the term of this coverage document, it shall be adjusted on the basis of the actual loss by the **Member District**, consisting of the net profit which is thereby prevented from being earned and of all charges and expenses (including ordinary payroll), only to the extent that these must necessarily continue during the interruption of business and only to the extent to which such charges and expenses would have been earned had no loss occurred. The most the **Pool** will pay for loss in any

one occurrence is \$250,000 unless a higher limit is shown on the Declaration.

“Ordinary payroll” is defined to be the entire payroll expense for all employees of the **Member District** except officers, executives, department managers, employees under contract, and other important employees.

(3) Resumption of Operations: If the **Member District** could reduce the loss resulting from the interruption of operations:

(a) by a complete or partial resumption of operation of the property insured, whether damaged or not; or

(b) by making use of available stock, merchandise, or other property;

such reduction shall be taken into account in arriving at the amount of loss hereunder.

(4) Experience of the **Member District**:

(a) In determining the amount of net profit, charges, and expenses covered hereunder for the purposes of ascertaining the amount of loss sustained, due consideration shall be given to the experience of the **Member District** before the date of damage or destruction and to the probable experience thereafter had no loss occurred.

(b) With respect to alterations, additions, and, if covered, property while in the course of construction, erection, installation, or assembly, due consideration shall be given to the available experience of the **Member District** after completion of the construction, erection, installation, or assembly.

(5) EXTRA EXPENSE

(a) Extra expense incurred resulting from loss, damage, or destruction to property by any of the perils covered herein during the term of this coverage document.

(b) “Extra expense” means the excess of the total cost during the period of restoration of the damaged property chargeable to the operations over and above the total cost that would normally have been incurred to conduct such operations during the same period had no loss or damage occurred.

(6) RENTAL VALUE

- (a) Rental value loss sustained by the **Member District** resulting directly from the necessary untenability caused by loss, damage, or destruction by any of the perils covered herein during the term of this coverage document to real or personal property as described in Section 4.A. but not exceeding the reduction in rental value less charges and expenses which do not necessarily continue during the period of untenability.
- (b) For the purposes of this insurance, “rental value” is defined as the sum of:
 - (1) The total anticipated gross rental income from tenant occupancy of the described property as furnished and equipped by the **Member District**, and
 - (2) The amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the **Member District**, and
 - (3) The fair rental value of any portion of said property which is occupied by the **Member District**.

(7) Experience of the **Member District**:

- (a) In determining the amount of rental value covered hereunder for the purposes of ascertaining the amount of loss sustained, due consideration shall be given to the rental experience before the date of damage or destruction and to the probable experience thereafter had no loss occurred.
- (b) With respect to alterations, additions, and property while in the course of construction, erection, installation, or assembly, due consideration shall be given to the available rental experience of the **Member District** after completion of the construction, erection, installation, or assembly.

C. ADDITIONAL PROVISIONS APPLICABLE TO BUSINESS INCOME INCLUDING EXTRA EXPENSE/RENTAL INCOME COVERAGES

- (1) Period of Recovery: The length of time for which loss may be claimed:
 - (a) shall not exceed such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair, or replace such part of the property as has been destroyed or damaged;

- (b) and, such additional length of time to restore the **Member District's** operations to the condition that would have existed had no loss occurred, commencing with the later of the following dates:
 - (i) the date on which the liability of the **Pool** for loss or damage would otherwise terminate; or
 - (ii) the date on which repair, replacement or rebuilding of such part of the property as has been damaged is actually completed;but in no event for more than one year thereafter from said later commencement date;
- (c) with respect to alterations, additions, and property while in the course of construction, erection, installation, or assembly, shall be determined as provided in (a) above but such determined length of time shall be applied to the experience of the **Member District** after the operation has reached its planned level of production or level of operation;
- (d) shall commence with the date of such loss or damage and shall not be limited by the date of expiration of this coverage document.

(2) **Special Exclusions:** This section of the coverage document does not insure against any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any lease, license, contract, or order; nor for any increase of loss due to interference at the **Member District's** premises by strikers or other persons with rebuilding, repairing, or replacing the property damaged or destroyed, or with the resumption or continuation of business, or with the reoccupancy of the premises; nor for any loss occurring to property in transit off premises.

(3) **Expenses to Reduce Loss:** This coverage document also covers such expenses as are necessarily incurred for the purpose of reducing any loss under this coverage document, even though such expenses may exceed the amount by which the loss under this coverage document is thereby reduced.

(4) **Extension of Coverage:** This coverage document, subject to all provisions and without increasing the amount of the limits of coverage under said coverage document, also insures against loss resulting from damage to or destruction by the perils insured against, of:

electrical, steam, gas, water, telephone, and other transmission lines and related plants, substations and equipment situated on or outside of the premises.

(5) **Interruption by Civil or Military Authority:** This coverage document is extended to cover the loss sustained during the period of time when, as a

direct result of a peril insured against, access to real or personal property is prohibited by order of civil or military authority.

- (6) Ingress/Egress: This coverage document is extended to cover the loss sustained during the period of time when, as a direct result of a peril insured against, ingress to or egress from real or personal property is thereby prevented.

D. TRANSIT

- (1) Property in transit, and this coverage document attaches and covers shipments within and between the territorial limits of this coverage document, including the coastal waters thereof, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance intended for use for any outbound or used for inbound shipment, including during deviation and delay, until safely delivered and accepted at place of final destination.
- (2) This insurance is extended to cover loss or damage to property:
 - (a) shipped by the **Member District** under terms of F.O.B. point of origin or other terms usually regarded as terminating the shipper's responsibility short of points of delivery;
 - (b) arising out of any unauthorized person(s) representing themselves to be the proper party(ies) to receive goods for shipment or to accept goods for delivery;
 - (c) occasioned by the acceptance by the **Member District**, by its agents, or by its customers of fraudulent bills of lading, shipping and delivery orders, or similar documents; and
 - (d) at the **Member District's** option, which is incoming to the **Member District**.
- (3)
 - (a) The **Member District** may waive right(s) of recovery against private, contract, and common carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting or releasing their liability, but this transit insurance shall not inure to the benefit of any carrier, bailee, warehouseman, or processor.
 - (b) With respect to shipments described under subparagraphs (2) (a) and (2) (d) above, the **Pool** agrees to waive its rights of subrogation against shippers and consignees at the option of the **Member District**.

The most the **Pool** will pay under this coverage D. for loss in any one occurrence is \$100,000.

E. ACCOUNTS RECEIVABLE

- (1) All sums due the **Member District** from customers, provided the **Member District** is unable to effect collection thereof as the direct result of loss of or damage to records of accounts receivable;
- (2) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage;
- (3) Collection expense in excess of normal collection cost and made necessary because of such loss or damage; and
- (4) Other expenses, when reasonably incurred by the **Member District** in reestablishing records of accounts receivable following such loss or damage.

For the purpose of this insurance, credit card company charge media shall be deemed to represent sums due the **Member District** from customers, until such charge media is delivered to the credit card company.

When there is proof that a loss of records of accounts receivable has occurred but the **Member District** cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be computed as follows:

- (1) The monthly average of accounts receivable during the last available twelve months shall be adjusted in accordance with the percentage increase or decrease in the twelve months average of monthly gross revenues which may have occurred in the interim.
- (2) The monthly amount of accounts receivable thus established shall be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred, due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the **Member District**, and an amount to allow for probable bad debts which would normally have been uncollectible by the **Member District**.

The most the Pool will pay under this coverage E. for loss in any one occurrence is \$100,000.

F. LEASEHOLD INTEREST

- (1) Pro rata proportion from the date of loss to expiration date of the lease (to be paid without discount) on the **Member District's** interest in:
 - (a) the amount of bonus paid by the **Member District** for the acquisition of the lease not recoverable under the terms of the lease for the unexpired term of the lease;
 - (b) improvements and betterments to real property during the unexpired term of the lease which is not covered under any other section of this coverage document;
 - (c) the amount of advance rental paid by the **Member District** and not recoverable under the terms of the lease for the unexpired term of the lease;

when property is rendered wholly or partially untenable by any of the perils covered herein during the term of this coverage document and the lease is canceled by the lessor in accordance with the conditions of the lease or by statutory requirements of the state in which the damaged or destroyed property is located; and

- (2)
 - (a) "Interest of the **Member District** as Lessee" when property is rendered wholly or partially untenable by any of the perils covered herein during the term of this coverage document and the lease is canceled by the lessor in accordance with the conditions of the lease or by statutory requirements of the state in which the damaged or destroyed property is located.
 - (b) The "Interest of the **Member District** as Lessee" as referred to herein shall be paid for the first three months succeeding the date of the loss and the "Net Lease Interest" shall be paid for the remaining months of the unexpired lease.

- (3) Definitions:

The following terms, wherever used in this section shall mean as follows:

- (a) the "Interest of the **Member District** as Lessee" is defined as:

- (i) the excess of the rental value of similar premises over the actual rental payable by the lessee (including any maintenance or operating charges paid by the lessee) during the unexpired term of the lease.
 - (ii) the rental income earned by the **Member District** from sublease agreements, to the extent not covered under any other section of this coverage document, over and above the rental expenses specified in the lease between the **Member District** and the lessor.
- (b) "Net Lease Interest" is defined as that sum, which placed at 6% interest compounded annually will be equivalent to the "Interest of the **Member District** as Lessee".
- (4) The **Pool** shall not be liable for any increase of loss which may be occasioned by the suspension, lapse or cancellation of any license or by the **Member District** exercising an option to cancel the lease.

G. MONEY & SECURITIES

The **Pool** will pay for direct loss caused by the actual destruction, disappearance or wrongful abstraction of **Money** and **Securities**:

- (1) within or from the **Member District's** business premises or banking premises, including night depository chutes;
- (2) outside the **Member District's** business or banking premises, while the **Money** and **Securities** is:
 - (a) being conveyed by any person authorized to have custody thereof; and
 - (b) while temporarily within the home of any person authorized to have custody.

The most the **Pool** will pay under this coverage G. for loss in any one occurrence is \$10,000.

H. FIRE DEPARTMENT SERVICE CHARGES & EXTINGUISHING EXPENSES

This coverage document covers the following expenses resulting from a peril insured against:

- (1) fire department service charges and other extinguishing expenses for which the **Member District** may be assessed;
- (2) loss of fire extinguishing materials expended in fighting a hostile fire at the **Member District's** premises.

The most the **Pool** will pay under this coverage H. for loss in any one occurrence is \$25,000.

I. DEBRIS REMOVAL

- (1) The **Pool** will pay expense incurred by the **Member District** to remove debris of covered property caused by or resulting from an insured peril that occurs during the coverage document period. The expenses will be paid only if they are reported to the **Pool** in writing within 180 days of the date of direct physical loss or damage.
- (2) The most the **Pool** will pay under this coverage I. is 25% of the sum of:
 - (a) The amount the **Pool** pays for the direct physical loss of or damage to covered property; plus
 - (b) The amount of the deductible in this coverage document applicable to that loss or damage.
- (3) This coverage I. does not apply to costs to:
 - (a) Extract "**pollutants**" from land or water; or
 - (b) Remove, restore or replace polluted land or water.

J. DEMOLITION AND INCREASED COST OF CONSTRUCTION

In the event of loss or damage under this coverage document that causes the enforcement of any law or ordinance regulating the construction, repair, or use of property, the **Pool** shall be liable for:

- (1) The cost of demolishing the undamaged property including the cost of clearing the site;
- (2) The **Pool** shall be liable for an amount equal to the proportion of the value of the undamaged part of the property bore to the value of the entire property prior to loss;
- (3) Increased cost of repair or reconstruction of the damaged and undamaged property on the same or another site and limited to the costs that would have been incurred in order to comply with the minimum requirements of such law or ordinance regulating the repair or reconstruction of the damaged property on the same site. However, the **Pool** shall not be liable for any increased cost of construction loss unless the damaged property is actually rebuilt or replaced; and
- (4) Any increase in the business income including extra expense/rental income loss arising out of the additional time required to comply with said law or ordinance.

K. EXPEDITING EXPENSE

This coverage document covers the reasonable extra cost of temporary repair and of expediting the repair of damaged property insured hereunder, including overtime and express freight or other rapid means of transportation.

L. VALUABLE PAPERS

The **Pool** will pay for direct physical loss or damage to valuable papers caused by or resulting from an insured peril. The most the **Pool** will pay under this coverage L. for loss in any one occurrence is \$100,000.

Valuable papers means:

- (1) Papers, documents, records, negatives, transparencies;
- (2) Tapes of all types;
- (3) Original plans, blueprints, specifications or designs; and
- (4) Original source material used to enter or program electronic data, but not the electronic data itself.

Valuable papers does not mean:

- (1) Electronic Data;
- (2) Prepackaged software programs;
- (3) Money or Securities.

5. PROPERTY EXCLUDED

This coverage document does not cover loss or damage to:

- A. **Money and Securities** (except as endorsed herein);
- B. Land, land improvements, water;
- C. Growing crops, lawns, standing timber, and animals except for research;
- D. Watercraft, aircraft, motor vehicles designed and licensed for highway use when not on the **Member District's** premises, but:
 - (1) this motor vehicle exclusion shall not apply to contractor's equipment;
 - (2) this watercraft exclusion shall not apply when coverage is specifically provided by endorsement.

- E. Waterborne shipments to and from Puerto Rico, the Virgin Islands, Hawaii, and Alaska; waterborne shipments via the Panama Canal;
- F. Export shipments after loading on board an overseas vessel or watercraft or after ocean marine insurance attaches, whichever occurs first; and import shipments prior to discharge from the overseas vessel or watercraft or until the ocean marine insurance terminates, whichever occurs last.
- G. Except where specifically scheduled on **Pool** property schedules and where contribution has been paid, underground property including:
 - (1) Foundations or other supports of buildings, structures, machinery or boilers if their foundations are below the lowest basement floor or below the surface of the ground, if there is no basement; or
 - (2) Underground pipes, including sewers, drains or water mains, underground tanks and their contents; except this property is covered for loss by fire or explosion.
- H. Property that is missing due to unexplained or mysterious disappearance or a shortage of property disclosed on taking inventory.

6. PERILS INSURED AGAINST

This coverage document insures against "all risk" of direct physical loss of or damage to property described herein including general average, salvage, and all other charges on shipments covered hereunder, except as hereinafter excluded.

7. PERILS EXCLUDED

This coverage document does not insure:

- A. against any fraudulent or dishonest act or acts committed by the **Member District** or any of the **Member District's** directors, officers, employees, agents or volunteers with the manifest intent to:
 - (1) cause the **Member District** to sustain such loss; and
 - (2) obtain financial benefit for the **Member District**, **Member District's** director, officer, employee, agent, volunteer or for any other person or organization intended by the **Member District** or the director, officer, employee, agent or volunteer to receive such benefit, other than salaries, pensions, or other employee benefits earned in the normal course of employment;

This exclusion does not apply to acts of destruction by employees or volunteers of the **Member District**; but theft by employees is not covered.

- B. against the cost of making good defective design or specifications, faulty material, or faulty workmanship; however, this exclusion shall not apply to loss or damage resulting from such defective design or specifications, faulty material, or faulty workmanship;
- C. against electrical injury or disturbance to electrical appliances, devices, or wiring caused by electrical currents artificially generated unless loss or damage from a peril insured herein ensues and then this coverage document shall cover for such ensuing loss or damage;
- D. against mechanical breakdown unless loss or damage from a peril insured herein ensues and then this coverage document shall cover for such ensuing loss or damage;
- E. against explosion, rupture, or bursting of steam boilers, steam pipes, steam turbines, or steam engines owned or operated by the **Member District** unless loss or damage from a peril insured herein ensues and then this coverage document shall cover for such ensuing loss or damage; in such case, the direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox (or combustion chamber) of any fired vessel or within the flues or passages which conduct the gases or combustion therefrom shall be covered hereunder;
- F. against ordinary wear and tear, or gradual deterioration unless other loss or damage from a peril insured against herein ensues and then this coverage document shall cover for ensuing loss or damage;
- G. against normal settling or shrinkage of walls, floors, or ceilings unless loss or damage from a peril insured herein ensues and then this coverage document shall cover for such ensuing loss or damage;
- H. against loss of market, business interruption, or extra expense loss due to delay with respect to property in transit;
- I. against nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote; or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this coverage document; except:
 - (1) if fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;
 - (2) the **Pool** shall be liable for loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage for each occurrence from material used or stored or from processes conducted on insured premises provided at the time of loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises;

- J. (1) against hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending, or expected attack:
- (a) by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces;
 - (b) or by military, naval, or air forces;
 - (c) or by an agent of any such government, power, authority, or forces;
- (2) against any weapon employing atomic fission or fusion;
- (3) against rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such occurrence;
- (4) seizure or destruction by order of public authority, except destruction by order of public authority to prevent the spread of, or to otherwise contain, control or minimize loss, damage or destruction which occurs due to a peril insured against under this coverage document;
- (5) risks of contraband or illegal trade;

Notwithstanding the above provisions, J.(1), (3), (4), and (5), this insurance shall cover loss or damage directly caused by acts committed by an agent of any government, party, or faction engaged in war, hostilities, or warlike operations, provided such agent is acting secretly and not in connection with any operation of armed forces (whether military, naval, or air forces) in the country where the property is situated. Nothing in the foregoing shall be construed to include any loss, damage, or expense caused by or resulting from any of the risks or perils excluded above, excepting only the acts of certain agents expressly covered herein, but in no event shall this insurance include any loss, damage, or expense caused by or resulting from any weapon of war employing atomic fission or fusion whether in time of peace or war.

- K. Loss or damage occasioned by earth movement, mine subsidence or sinking, rising, shifting, settling, contraction or expansion of earth or soils. This exclusion does not apply to loss or damage caused by **Earthquake** or landslide;
- L. Water under the ground surface pressing on, flowing or seeping through foundations, walls, floors, paved surfaces or basements;
- M. Loss or damage caused by discharge, dispersal, seepage, migration, release or escape of “**pollutants**” unless the discharge, dispersal, seepage, migration, release or escape is itself caused by an insured peril. But if loss or damage by an insured peril results, the **Pool** will pay for the resulting damage caused by the insured peril.
- N. Loss of property that is missing due to unexplained or mysterious disappearance or a shortage of property disclosed on taking inventory.

- O. Loss or damage caused by or resulting from any of the following:
- (1) Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - (2) Faulty, inadequate or defective:
 - (a) Planning, zoning, development, surveying, siting;
 - (b) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (c) Materials used in repair, construction, renovation or remodeling; or
 - (d) Maintenance;

of part or all of the property on or off the premises.

But if loss or damage by an insured peril results, the **Pool** will pay for the resulting damage.

- P. Physical loss or damage including destruction, distortion, disruption or corruption of any computer **data**, coding, programs or software caused directly by the inability of a computer to correctly recognize any date as its true calendar date, unless loss or damage not otherwise excluded ensues, and then this coverage document shall cover such ensuing loss or damage. In no case shall the **Pool** pay for any costs incurred for the repair or modification of any part of an electronic data processing system or its related equipment, to correct deficiencies or features of logic or operation.

Exclusions 7.B., 7.C., 7.D., 7.E., and 7.G. do not apply to property in transit.

Exclusions 7.C., 7.D., and 7.E. do not apply to alterations, additions, and property while in the course of construction, erection, installation, or assembly.

Exclusions 7.C., 7.D., and 7.E. do not apply to electronic **data** processing systems nor to **valuable papers and records**.

- Q. Against loss or damage caused directly or indirectly by a “**certified act of terrorism**” or an “**other act of terrorism**”. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
- R. Against loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of “**fungus**”, wet or dry rot or bacteria. This exclusion does not apply when “**fungus**”, wet or dry rot or bacteria results from fire or lightning.

8. CONTRIBUTING INSURANCE

Contributing insurance is insurance written upon the same plan, terms, conditions, and provisions as those contained in this coverage document. This insurance shall contribute in accordance with the conditions of this coverage document only with other contributing insurance as defined.

9. EXCESS INSURANCE

Excess insurance is insurance over the limit of liability set forth in this coverage document. The existence of such excess insurance shall not prejudice the coverage provided under this coverage document nor will it reduce any liability hereunder.

10. UNDERLYING INSURANCE

- A. Underlying insurance is insurance on all or any part of the deductible and against all or any of the perils covered by this coverage document including declarations of value to the carrier for hire. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this coverage document.
- B. If the limits of such underlying insurance exceed the deductible amount which would apply in the event of loss under this coverage document, then that portion which exceeds such a deductible amount shall be considered "other insurance."

11. OTHER INSURANCE

Except for insurance described by the contributing insurance clause, by the excess insurance clause, or by the underlying insurance clause, this coverage document shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, and whether directly or indirectly covering the same property against the same perils. The **Pool** shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance. Notwithstanding that this coverage document only covers for the excess of any other collectible insurance, the **Pool** guarantees prompt payment in full of the amount of loss which would have been otherwise recoverable hereunder and agrees to advance the amount of loss as a loan, without interest, repayable only in the event of and to the extent of recovery from such other insurance.

12. SUBROGATION

- A. Any release from liability entered into by the **Member District** prior to loss hereunder shall not affect this coverage document or the right of the **Member District** to recover hereunder. The right of subrogation against **the Member District** is waived and at the option of the **Member District**, against a tenant of the **Member District**.
- B. In the event of any payment under this coverage document, the **Pool** shall be subrogated to the extent of such payment to all the **Member District's** rights of recovery therefore. The **Member District** shall execute all papers required and shall do anything that may be necessary at the expense of the **Pool** to secure such right. The **Pool** will act in concert with all other interests concerned, i.e., the **Member District** and any other Company(ies) participating in the payment of any loss as primary or excess insurers, in the exercise of such rights of recovery.

If any amount is recovered as a result of such proceedings, the net amount recovered after deducting the costs of recovery shall be divided between the interests concerned in the proportion of their respective interests. If there should be no recovery, the expense of proceedings shall be borne proportionately by the interests instituting the proceedings.

13. SALVAGE AND RECOVERIES

All salvages, recoveries, and payments, excluding proceeds from subrogation and underlying insurance recovered or received prior to a loss settlement under this coverage document shall reduce the loss accordingly. If recovered or received subsequent to a loss settlement under this coverage document, such net amounts recovered shall be divided between the interests concerned, i.e., the **Member District** and any other Company(ies) participating in the payment of any loss, in the proportion of their respective interests.

14. MACHINERY

In case of loss or damage by a peril insured against to any part of a machine or unit consisting of two or more parts when complete for use, the liability of the Company shall be limited to the value of the part or parts lost or damaged or, at the **Member District's** option, to the cost and expense of replacing or duplicating the lost or damaged part or parts or of repairing the machine or unit.

15. TERRITORY

This coverage document covers within the 50 states comprising the United States of America, the District of Columbia, Puerto Rico, the Virgin Islands, and Canada.

16. ERRORS OR OMISSIONS

Any unintentional error or omission made by the **Member District** shall not void or impair the insurance hereunder provided the **Member District** reports such error or omission as soon as reasonably possible after discovery by the **Member District**.

17. CERTIFICATES OF INSURANCE

Any certificate of insurance issued in connection with this coverage document shall be issued solely as a matter of convenience or information for the addressee(s) or holder(s) of said certificate of insurance, except where any Additional Insured(s) or Loss Payee(s) are named pursuant to the Special Provisions of said certificate of insurance. In the event any Additional Insured(s) or Loss Payee(s) are so named, this coverage document shall be deemed to have been endorsed accordingly, subject to all other terms, conditions and exclusions stated herein.

18. REPORT OF VALUES / PREMIUM ADJUSTMENT

- A. The **Member District** shall report the values of newly acquired or newly constructed property to the company. The **Pool** will charge an additional premium based on these values and appropriate rates for the exposures.
- B. Annually, as of each anniversary date of this coverage document, **the Member District** shall report to the **Pool** values for all real and personal property including buildings, equipment, tenant's improvements and betterments, stock, business income including extra expense/rental income, and/or land improvements by location.
- C. The premium for each year shall be calculated by applying the annual rates to the new values submitted as follows:
 - (1) 100% for buildings, equipment, tenant's improvements and betterments, stock, other personal property, and land improvements;
 - (2) 100% for extra expense; and
 - (3) 50% for business income including excess expense/rental income.

19. TITLES OF PARAGRAPHS

The titles of the paragraphs of this form and of endorsements and supplemental contracts, if any, now or hereafter attached hereto are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

20. DUTIES IN THE EVENT OF LOSS OR DAMAGE

The **Member District** must see that the following are done in the event of loss or damage to covered property:

- A. Notify the police if a law may have been broken.
- B. Give the **Pool** immediate notice of the loss or damage. Include a description of the property involved.
- C. As soon as possible, give the **Pool** a description of how, when and where the loss or damage occurred.
- D. Take all reasonable steps to protect the covered property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of the **Member District's** expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Coverage.
- E. Make no statement that will assume any obligation or admit any liability, for any loss for which the **Pool** may be liable, without the **Pool's** consent.
- F. At the **Pool's** request, give the **Pool** complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- G. As often as may reasonably be required, permit the **Pool** to inspect the property proving the loss or damage and examine the **Member District's** books and records.
- H. Send the **Pool** a signed, sworn proof of loss containing the information the **Pool** requests to investigate the claim. The **Member District** must do this within 60 days after the **Pool's** request. The **Pool** will supply the **Member District** with the necessary forms.
- I. Cooperate with the **Pool** in the investigation or settlement of the claim.

21. VALUATION

In case of loss, the basis of adjustment shall be as follows:

- A. REAL AND PERSONAL PROPERTY

- (1) Buildings, structures, furniture and fixtures, machinery, equipment (except mobile equipment), improvements and betterments, shall be valued at the replacement cost new on the same premises, as of the date of replacement.
- (2) Electronic Data Processing or control equipment and production machinery and equipment or any part thereof shall be valued at the cost to repair or replace new on the same premises as of the time of replacement except, that with respect to items for which replacement with identical property is impossible, the replacement cost shall be the cost of items similar to the destroyed property and intended to perform the same function but which may include technological advances.
- (3) Valuable papers and records shall be valued at the cost to reproduce the property as of the date of reproduction including the cost of gathering and/or assembling information.
- (4) Fine Arts shall be valued at the appraised value; or, if there is no appraisal, at the greater of the original acquisition cost or the market value at the time of the loss.
- (5) Mobile Equipment shall be valued at the least of:
 - (i) the cost of replacing such property with substantially identical property,
 - (ii) the cost of repairing the insured property to its condition immediately before the loss or damage, or
 - (iii) the actual cash value;

unless otherwise endorsed to show replacement cost valuation on the **Member District's** property schedule for a specific item or items.

- (6) Other property not otherwise provided for, at replacement cost new on the same premises as of the date of replacement.
- (7) Permission is granted for the **Member District** to replace the damaged property with any property at the same site or at another site within the territorial limits of this coverage document, but recovery is limited to what it would cost to replace on same site. If property damaged or destroyed is not repaired, rebuilt or replaced within a reasonable period after the loss or damage, the **Pool** shall not be liable for more than the actual cash value at the time of loss (ascertained with proper deduction for depreciation) of the property damaged or destroyed. However, limitations imposed by federal, state or municipal building codes shall not result in actual cash valuation.

22. PARTIAL PAYMENT OF LOSS

In the event of a loss covered by this coverage document, it is understood and agreed that the **Pool** shall allow a partial payment(s) of claim subject to the coverage document provisions and normal adjustment process.

23. LOSS ADJUSTMENT EXPENSES

This coverage document is extended to include expenses incurred by the **Member District**, or by the **Member District's** representatives for preparing and certifying details of a claim resulting from a loss which would be payable under this coverage document. However, the **Pool** shall not be liable under this Section for expenses incurred by the **Member District** in utilizing the services of a public adjuster.

24. APPRAISAL

If the **Member District** and the **Pool** fail to agree on the amount of loss, each, upon the written demand either of the **Member District** or of the **Pool** made within 60 days after receipt of proof of loss by the **Pool**, shall select a competent and disinterested appraiser. The appraisers shall then select a competent and disinterested umpire. If they should fail for 15 days to agree upon such umpire, then upon the request of the **Member District** or of the **Pool**, such umpire shall be selected by a judge of a court of record in the county and state in which such appraisal is pending. Then, at a reasonable time and place, the appraisers shall appraise the loss, stating separately the value at the time of loss and the amount of loss. If the appraisers fail to agree, they shall submit their differences to the umpire. An award in writing by any two shall determine the amount of loss. The **Member District** and the **Pool** shall each pay its chosen appraiser and shall bear equally the other expenses of the appraisal and of the umpire.

25. CONSEQUENTIAL LOSS

This coverage document insures against:

- A. consequential loss to the property insured caused by change of temperature or humidity or by interruption of power, heat, air conditioning, or refrigeration resulting from a peril insured against. However, it is agreed that exclusions C., D., and E. contained in Section 7, "Perils Excluded" shall not apply to this extension when such loss or damage occurs at a location which is not owned or operated by the **Member District**;
- B. the reduction in value to the remaining part or parts of any lot of merchandise usually sold by lots or sizes, color ranges, or other classifications due to damage to or destruction of a part of such lots or other classifications due to a peril insured against.

26. JOINT LOSS AGREEMENT

With respect to the insurance provided by this coverage document, it is agreed that:

- A. if at the time of loss, there is in existence a coverage document issued by either the **Pool** or by a boiler and machinery insurance company which may cover the same property or cover the location at which the property subject to loss is situated; and
- B. if there is a disagreement between the **Pool** and company(ies) under this coverage document and such other contract either as to:
 - (1) whether such damage or destruction was caused by a peril insured against by this coverage document or be an accident insured against by such boiler and machinery insurance coverage document; or
 - (2) the extent of participation of this coverage document and of such boiler and machinery insurance coverage document in a loss which is insured against, partially or wholly, by any one or all of said policies;

the **Pool** shall upon written request of the **Member District**, pay to **the Member District** one-half of the amount of the loss which is in disagreement, but in no event more than the **Pool** would have paid if there had been no boiler and machinery insurance coverage document in effect, subject to the following conditions:

- (1) the amount of the loss which is in disagreement, after making provision for any undisputed claims payable under the said policies and after the amount of loss is agreed upon by the **Member District** and the companies is limited to the minimum amount remaining payable under either the boiler and machinery or this coverage document;
- (2) the boiler and machinery insurance company shall simultaneously pay to the **Member District** at least one-half of said amount which is in disagreement;
- (3) the payments by the **Pool** and company(ies) hereunder and acceptance of the same by the **Member District** signify the agreement of the companies to submit to and proceed with arbitration within 90 days of such payments.

The arbitrators shall be three in number, one of whom shall be appointed by the boiler and machinery insurance company, one of whom shall be appointed by the **Pool**, and the third of whom shall be appointed by consent of the other two; the decision by the arbitrators shall be binding on the companies and that judgment upon such award may be entered in any court of competent jurisdiction;

- (4) the **Member District** agrees to cooperate in connection with such arbitration but not to intervene therein;

- (5) the provisions of this section shall not apply unless such other coverage document issued by the boiler and machinery insurance company is similarly endorsed;
- (6) acceptance by the **Member District** of sums paid pursuant to the provisions of this section, including an arbitration award, shall not operate to alter, waive, surrender or in any way affect the rights of **the Member District** against any of the companies.

27. PAIR AND SET

Except as provided under Sections 14 and 25.B., in the event of loss or damage by a peril insured against to any article or articles which are a part of a pair or set, the measure of loss or damage to such article or articles shall be, at the **Member District's** option:

- A. the reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event shall such loss or damage be construed to mean total loss of the pair or set; or
- B. the full value of the pair or set provided that the **Member District** surrenders the remaining article or articles of the pair or set to the **Pool**.

28. ASSISTANCE AND COOPERATION OF THE MEMBER DISTRICT

The **Member District** shall cooperate with the **Pool** and, upon the **Pool's** request and expense, shall attend hearings and trials and shall assist in effecting settlements, in securing and giving evidence, in obtaining the attendance of witnesses, and in conducting suits.

29. SUE AND LABOR

In case of actual or imminent loss or damage by a peril insured against, it shall, without prejudice to this insurance, be lawful and necessary for the **Member District**, their factors, servants, or assigns to sue, labor, and travel for, in, and about the defense, the safeguard, and the recovery of the property or any part of the property insured hereunder; nor, in the event of loss or damage, shall the acts of the **Member District** or of the **Pool** in recovering, saving, and preserving the insured property be considered a waiver or an acceptance of abandonment. The **Pool** shall contribute to the expenses so incurred according to the rate and quantity of the sum herein insured.

30. PAYMENT OF LOSS

All adjusted claims shall be due and payable no later than 30 days after presentation and acceptance of proofs of loss by the **Pool** or its appointed representative.

31. **SUIT AGAINST THE POOL**

No suit or action on this coverage document for the recovery of any claim shall be sustainable in any court of law or equity unless the **Member District** shall have fully complied with all the requirements of this coverage document. The **Pool** agrees that any action or proceeding against it for recovery of any loss under this coverage document shall not be barred if commenced within the time prescribed therefore in the statutes of the applicable state.

32. **POLLUTANT CLEAN-UP AND REMOVAL EXTENSION**

The **Pool** will pay expense incurred by the **Member District** to extract “pollutants” from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the “pollutants” is caused by or results from an insured peril that occurs during the policy period. The expenses will be paid only if they are reported to the **Pool** in writing within 180 days of the date of direct physical loss or damage.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of “pollutants.” However the **Pool** will pay for testing which is performed in the course of extracting the “pollutants” from the land or water.

The most the **Pool** will pay under this Section 32 for each described premises is \$25,000 for the sum of all covered expenses arising out of direct physical loss or damage from an insured peril occurring during each separate 12 month period of this coverage document.

33. **RECOVERED PROPERTY**

If either the **District** or the **Pool** recovers any property after loss settlement, that party must give the other prompt notice. At the option of the **Member District**, the property will be returned to the **Member District**. The **Member District** must then return to the **Pool** the amount the **Pool** paid for the property. The **Pool** will pay recovery expenses and the expenses to repair the recovered property, subject to the applicable LIMIT of coverage.

34. **ADDITIONAL DEFINITIONS**

“**Land Improvements**” as described hereunder are defined as any alteration to the natural condition of the land by grading, landscaping, earthen dikes or dams, as well as additions to land such as pavements, roadways, or similar works.

“**Earthquake**” shall mean: Earthquake, volcanic eruption and landslide (but no other earth movement even if attributable to earthquake or landslide).

“**Flood**” shall mean: flood, mudslide, mudflow, waves, tidal water, the rising and overflow of bodies of water and streams, whether driven by wind or not.

“**Fungus**” means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

“**Valuable Papers & Records**” are defined as written, printed, or otherwise inscribed documents and records, including but not limited to books, maps, films, drawings, abstracts, deeds, mortgages, micro-inscribed documents, manuscripts, and media and the data recorded thereon, but not including electronic **Data**, prepackaged software programs, money or securities.

“**Media**” is defined as materials upon which data is recorded including, but not limited to, papertapes, cards, electronic memory circuits, and magnetic or optical storage devices.

“**Data**” is defined as facts, concepts, or instructions in a form usable for communications, interpretation, or processing by automatic means. It includes computer programs.

“**Securities**” is defined as all negotiable and non-negotiable instruments or contracts representing either money or other property, and includes revenue and other stamps in current use, tokens and tickets but does not include money.

“**Pollutants**” is defined as smoke, vapors, soot, fumes, acids, alkalis, chemicals, liquids, solids, gases, thermal pollutants, asbestos, lead, or any product or material containing asbestos or lead, and all other irritants or contaminants.

“**Money**” is defined as currency, coin, bank notes and bullion.

“**Replacement Cost**” is defined as the full cost of repair or replacement of such property at the same site with new material of like kind and quality without deduction for depreciation. **Replacement Cost** shall include the option of repairing or replacing such property at the same site with new material *for the same functional use and occupancy* as existed immediately prior to the loss.

“**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 of 2002.

“**Other act of terrorism**” means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not certified as a terrorism act pursuant to the federal Terrorism Risk Insurance Act of 2002.