



TEXAS ASSOCIATION *of* COUNTIES

RISK MANAGEMENT POOL

INVOICE

Grayson County
Attn: Richey Rivers
100 W Houston St Lowr 1
Sherman, TX 75090-0034

Invoice Due Date: July 1, 2017

Invoice #: 18890

Coverage #: PR-0910-20170701-1

Coverage Period: July 1, 2017 - July 1, 2018

Member Number: 0910

Contribution for the coverage below is now due.

Coverage	Contribution Due
Property	\$164,168
Total Due:	\$164,168

Grayson County
Attn: Richey Rivers
100 W Houston St Lowr 1
Sherman, TX 75090-0034

Invoice Due Date: July 1, 2017

Invoice #: NRCN-18890-PC

Contribution Due:\$164,168

Amount Enclosed: _____

If the total amount enclosed is not \$164,168,
please use the notes section below to explain:

Please make checks payable to:

Texas Association of Counties Risk Management Pool

Box # 2426

San Antonio, TX 78298-9900

05/04/2017



TEXAS ASSOCIATION of COUNTIES RISK MANAGEMENT POOL

Property Contribution & Coverage Declarations

Member: Grayson County

Coverage Period: July 1, 2017 through July 1, 2018

This Contribution & Coverage Declarations (CCD) is part of the Coverage Documents between the Texas Association of Counties Risk Management Pool (Pool) and the Named Member shown above, subject to the terms, conditions, definitions, exclusions, and sub-limits contained in the Coverage Documents, any endorsements, and the Interlocal Participation Agreement (IPA).

PROPERTY	Per Occurrence Limits	Deductible Per Occurrence	Contribution
Property Limits	TOTAL COVERED VALUE		
All Other Perils- any other covered loss except those addressed with separate deductibles	\$104,269,600	\$10,000	\$161,654
Coverage with Increased Limits	Sublimits		
Loss of Rents	\$1,000,000	\$10,000	\$1,000
Accounts Receivable	\$1,000,000	\$10,000	\$875
Coverage with Separate Deductibles	Sublimits		
Flood- Special Hazard Zones- Excess of National Flood Insurance Program Limits	\$1,000,000	\$500,000	Included
Flood- Except Special Hazard Zones	\$5,000,000	\$25,000	Included
Earthquake	\$5,000,000 Annual Aggregate	\$25,000	Included
Equipment Breakdown	\$50,000,000	\$10,000	Included
Law Enforcement Animals	\$30,000	\$1,000	Included
Crime	\$100,000	\$1,000	Included
Optional Coverage			
Mobile Equipment	As Scheduled	\$10,000	\$639
PROPERTY CONTRIBUTION		\$164,168	

NOTICE OF ACCIDENT/CLAIM

Notice of an accident or claim (including service of process, if any) is to be delivered immediately to the Pool via the Texas Association of Counties Claims Department at:

Texas Association of Counties
Attention: CLAIMS
P. O. Box 2131
Austin, Texas 78768
Fax Number: 512-615-8942
Email: claims-cs@county.org

Any notice of claim and/or related documents should be mailed to the above immediately or by fax or email.

CONDITIONS

Coverage: This CCD is to outline limits, deductibles, and contributions only. All coverage is subject to the terms, conditions, definitions, exclusions, and sub-limits described in the Coverage Documents, any endorsements, and the IPA.

Claims Reporting: The Named Member shall submit claims to the Pool as set forth in each applicable Coverage Document or as otherwise required by the Pool or state law.

Failure to Maintain Coverage: The Named Member's failure to maintain at least one coverage through the Pool will result in the automatic and immediate termination of the IPA.

Named Member Compliance: By executing the IPA, the Named Member agrees to comply with and abide by the Pool's Bylaws, applicable Coverage Documents, and the Pool's policies, as now in effect and as amended.

Payment of Annual Contribution: The Named Member shall pay contributions as outlined on invoices and as per the terms of the IPA.

Pool's Right to Audit: The Pool has the right, but no obligation, to audit and inspect the Named Member's operations and property at any time upon reasonable notice and during regular business hours, as the Pool deems necessary to protect the interest of the Pool.

Property Appraisal: Property coverage is blanket and based on Replacement Cost. The Pool will provide a formal physical appraisal of the Member's property on a periodic basis and the Member agrees to accept the values provided by the Pool's appraisal firm. Member agrees to report all buildings and contents prior to renewal.

Pool Coordinator: The Named Member shall appoint a Pool Coordinator. The name of the Pool Coordinator and the address for which notices may be given by the Pool shall be set forth in the space provided at the end of the IPA. The Pool Coordinator shall promptly provide the Pool with any required information.

The Named Member may change its Pool Coordinator and the address for notice by giving written notice to Pool of the change before the effective date of the change.

Any failure or omission of the Named Member's Pool Coordinator shall be deemed a failure or omission of the Named Member. The Pool is not required to contact any other individual regarding the Named Member's business except the named Pool Coordinator unless notice or contact to another individual is required by applicable law. Any notice given by Pool or its contractor to the Pool Coordinator or such individual as is designated by law for a particular notice, shall be deemed notice to the Named Member.

Submission of Information: The Named Member shall timely submit to the Pool documentation necessary for the Pool to use to determine the risk to be covered for the next renewal period and to properly underwrite the risk exposure. The Pool will provide forms identifying the information requested.

Termination and Renewal: The coverage outlined in this CCD may be terminated or not renewed by either party as outlined in the IPA or applicable Coverage Document.

Termination for Failure to Pay: Notwithstanding any other provision in the IPA, if any payment or contribution for coverage owed by the Named Member to the Pool is not paid as required by the IPA, the Pool may cancel coverage or terminate coverage and the IPA, as the Pool deems appropriate, in accordance with the Pool's Bylaws and the applicable Coverage Document. The Named Member shall remain obligated for such unpaid contribution or charge for the period preceding termination.

This declaration is issued by Nacy A. Seiler as authorized representative of the Pool on 05/04/2017 in Austin, Texas.

Property and Mobile Equipment Schedule

Member: Grayson County
Coverage Period: July 1, 2017 to July 1, 2018

BUILDING & CONTENTS :

Site	Bldg	Building Name Address	Flood Zone	Coverage Basis	Const. Type	Year Built	Stories	SQ. FT.	Building Value	Content Value	Site Improvement	Total Value	Contribution
0	001	EXCLUDED - HANGAR 111 5318 AIRPORT DRIVE DENISON, TX, 75020		EXC	ISO - 3	1963	1	25,112	\$0	\$0	\$0	\$0	
0	002	TINY HOUSE 86 DYESS DENISON, TX, 75020		RCV	ISO - 3	2016	1	325	\$15,000	\$0	\$0	\$15,000	\$23
0	003	SEIZED HOUSE 106 BOIS D'ARC TOM BEAN, TX, 75489		RCV	ISO - 3		1	2,327	\$230,000	\$0	\$0	\$230,000	\$353
0	004	EXCLUDED - BUILDING 110 5501 AIRPORT DRIVE DENISON, TX, 75020		EXC	ISO - 2	1959	1	15,397	\$0	\$0	\$0	\$0	
1	001	GRAYSON COUNTY COURTHOUSE 100 WEST HOUSTON STREET SHERMAN, TX, 75090	X	RCV	ISO - 6	1935	4	60,392	\$16,001,000	\$1,511,000	\$0	\$17,512,000	\$26,872
1	999	SITE IMPROVEMENTS 100 WEST HOUSTON STREET SHERMAN, TX, 75090		RCV	ISO - 3		0	0	\$0	\$0	\$20,000	\$20,000	\$31
2	001	GRAYSON COUNTY ELECTION CENTER 115 WEST HOUSTON STREET SHERMAN, TX, 75090	X	RCV	ISO - 2	1975	1	5,419	\$570,000	\$112,000	\$0	\$682,000	\$1,084
3	001	SUPERVISION/CORRECTIONS CENTER 119 WEST HOUSTON STREET SHERMAN, TX, 75090	X	RCV	ISO - 2	1960	1	9,846	\$1,130,000	\$0	\$0	\$1,130,000	\$1,796
4	001	EXCLUDED - MAINTENANCE BUILDING 129 WEST KING STREET SHERMAN, TX, 75090	X	EXC	ISO - 2	1917	3	85,122	\$0	\$0	\$0	\$0	
4	002	MAINTENANCE OFFICE BUILDING 129 WEST KING STREET SHERMAN, TX, 75090	X	RCV	ISO - 3	1985	1	4,640	\$341,000	\$48,000	\$0	\$389,000	\$597
4	003	VEHICLE PARKING SHELTER 1 129 WEST KING STREET SHERMAN, TX, 75090	X	RCV	ISO - 3	2000	1	1,400	\$43,000	\$0	\$0	\$43,000	\$66

BUILDING & CONTENTS :

Site	Bldg	Building Name Address	Flood Zone	Coverage Basis	Const. Type	Year Built	Stories	SQ. FT.	Building Value	Content Value	Site Improvement	Total Value	Contribution
4	004	VEHICLE PARKING SHELTER 2 129 WEST KING STREET SHERMAN, TX, 75090	X	RCV	ISO - 3	1988	1	1,000	\$31,000	\$0	\$0	\$31,000	\$48
5	001	MAINTENANCE SHOP 1312 EAST HIGHWAY 1417 SHERMAN, TX, 75090	X	RCV	ISO - 1	1953	1	5,760	\$237,000	\$48,000	\$0	\$285,000	\$484
5	002	OFFICE/REPAIR BUILDING 1312 EAST HIGHWAY 1417 SHERMAN, TX, 75090	X	RCV	ISO - 3	2002	1	4,000	\$268,000	\$48,000	\$0	\$316,000	\$485
5	003	STORAGE BUILDING 1312 EAST HIGHWAY 1417 SHERMAN, TX, 75090	X	RCV	ISO - 2	1961	1	2,480	\$153,000	\$48,000	\$0	\$201,000	\$319
5	004	VEHICLE PARKING SHELTER 1312 EAST HIGHWAY 1417 SHERMAN, TX, 75090	X	RCV	ISO - 3	1994	1	4,662	\$122,000	\$0	\$0	\$122,000	\$187
5	999	SITE IMPROVEMENTS 1312 EAST HIGHWAY 1417 SHERMAN, TX, 75090		RCV	ISO - 3		0	0	\$0	\$0	\$89,000	\$89,000	\$137
6	001	GRAYSON COUNTY HEALTH CLINIC 515 NORTH WALNUT STREET SHERMAN, TX, 75090	X	RCV	ISO - 4	1985	1	7,095	\$1,023,000	\$147,000	\$0	\$1,170,000	\$1,795
6	999	SITE IMPROVEMENTS 515 NORTH WALNUT STREET SHERMAN, TX, 75090		RCV	ISO - 3		0	0	\$0	\$0	\$4,000	\$4,000	\$6
7	001	COMMUNICATION TOWER 171 OLD DORCHESTER ROAD SHERMAN, TX, 75090	X	RCV	ISO - 3	1980	1	0	\$160,000	\$0	\$0	\$160,000	\$246
7	002	COMMUNICATIONS BUILDING 171 OLD DORCHESTER ROAD SHERMAN, TX, 75090	X	RCV	ISO - 1	1980	1	200	\$10,000	\$11,000	\$0	\$21,000	\$36
7	999	SITE IMPROVEMENTS 171 OLD DORCHESTER ROAD SHERMAN, TX, 75090		RCV	ISO - 3		0	0	\$0	\$0	\$131,000	\$131,000	\$201
8	001	RECORD STORAGE BUILDING 201 WEST LAKE STREET SHERMAN, TX, 75090	X	RCV	ISO - 3	1974	1	5,680	\$631,000	\$73,000	\$0	\$704,000	\$1,080
8	999	SITE IMPROVEMENTS 201 WEST LAKE STREET SHERMAN, TX, 75090		RCV	ISO - 3		0	0	\$0	\$0	\$5,000	\$5,000	\$8
9	001	MAINTENANCE SHOP 9631 STATE HIGHWAY 56 EAST SHERMAN, TX, 75090	X	RCV	ISO - 3	2007	1	8,000	\$454,000	\$155,000	\$0	\$609,000	\$935
9	999	SITE IMPROVEMENTS 9631 STATE HIGHWAY 56 EAST SHERMAN, TX, 75090		RCV	ISO - 3		0	0	\$0	\$0	\$157,000	\$157,000	\$241

BUILDING & CONTENTS :

Site	Bldg	Building Name Address	Flood Zone	Coverage Basis	Const. Type	Year Built	Stories	SQ. FT.	Building Value	Content Value	Site Improvement	Total Value	Contribution
10	001	PARK STORAGE BUILDING 444 RC VAUGHN ROAD DENISON, TX, 75020	X	RCV	ISO - 3	2001	1	4,000	\$206,000	\$24,000	\$0	\$230,000	\$353
10	002	LAKE HOUSE 431 RC VAUGHN ROAD DENISON, TX, 75020	X	RCV	ISO - 2	1957	1	1,108	\$161,000	\$0	\$0	\$161,000	\$277
10	003	GARAGE SHED 431 RC VAUGHN ROAD DENISON, TX, 75020	X	RCV	ISO - 2	1957	1	100	\$6,000	\$0	\$0	\$6,000	\$10
10	004	RESTROOM BUILDING 431 RC VAUGHN ROAD DENISON, TX, 75020	X	RCV	ISO - 2	1985	1	312	\$98,000	\$0	\$0	\$98,000	\$156
10	005	PAVILION 431 RC VAUGHN ROAD DENISON, TX, 75020	X	RCV	ISO - 3	2007	1	1,032	\$31,000	\$0	\$0	\$31,000	\$48
11	001	SHERIFF'S OFFICE DETENTION CENTER 5503 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 1	1999	1	7,440	\$945,000	\$69,000	\$0	\$1,014,000	\$1,722
11	999	SITE IMPROVEMENTS 5503 AIRPORT DRIVE DENISON, TX, 75020		RCV	ISO - 3		0	0	\$0	\$0	\$63,000	\$63,000	\$97
12	001	GRAYSON COUNTY SUB-COURTHOUSE 101 WEST WOODARD STREET DENISON, TX, 75020	X	RCV	ISO - 4	1962	1	6,284	\$881,000	\$65,000	\$0	\$946,000	\$1,452
12	999	SITE IMPROVEMENTS 101 WEST WOODARD STREET DENISON, TX, 75020		RCV	ISO - 3		0	0	\$0	\$0	\$10,000	\$10,000	\$15
13	001	GRAYSON COUNTY HEALTH DEPARTMENT 205 NORTH HOUSTON STREET DENISON, TX, 75020	X	RCV	ISO - 2	1978	1	8,466	\$848,000	\$132,000	\$0	\$980,000	\$1,557
14	001	GRAYSON COUNTY JUSTICE CENTER 200 SOUTH CROCKETT STREET SHERMAN, TX, 75090	X	RCV	ISO - 6	1984	2	115, 166	\$29,265,000	\$2,385,000	\$0	\$31,650,000	\$48,566
14	999	SITE IMPROVEMENTS 200 SOUTH CROCKETT STREET SHERMAN, TX, 75090		RCV	ISO - 3		0	0	\$0	\$0	\$29,000	\$29,000	\$45
20	001	SHOP BUILDING 62 REAMES LANE GORDONVILLE, TX, 76245	X	RCV	ISO - 1	1960	1	1,626	\$99,000	\$21,000	\$0	\$120,000	\$224
21	001	JUSTICE OF THE PEACE #4 101 SOUTHWEST MAIN STREET VAN ALSTYNE, TX, 75076	X	RCV	ISO - 2	2002	1	2,300	\$291,000	\$24,000	\$0	\$315,000	\$501

BUILDING & CONTENTS :

Site	Bldg	Building Name Address	Flood Zone	Coverage Basis	Const. Type	Year Built	Stories	SQ. FT.	Building Value	Content Value	Site Improvement	Total Value	Contribution
21	999	SITE IMPROVEMENTS 101 SOUTHWEST MAIN STREET VAN ALSTYNE, TX, 75076		RCV	ISO - 3		0	0	\$0	\$0	\$5,000	\$5,000	\$8
22	001	AUTO REPAIR/OFFICE BUILDING 100 LOCUST STREET WHITESBORO, TX, 76273	X	RCV	ISO - 3	1988	1	4,200	\$332,000	\$81,000	\$0	\$413,000	\$634
22	002	VEHICLE PARKING SHELTER 100 LOCUST STREET WHITESBORO, TX, 76273	X	RCV	ISO - 3	2013	1	5,084	\$126,000	\$0	\$0	\$126,000	\$193
22	999	SITE IMPROVEMENTS 100 LOCUST STREET WHITESBORO, TX, 76273		RCV	ISO - 3		0	0	\$0	\$0	\$158,000	\$158,000	\$242
23	001	JUSTICE OF THE PEACE #3 509 NORTH UNION STREET WHITESBORO, TX, 76273	X	RCV	ISO - 1	2010	1	2,016	\$268,000	\$31,000	\$0	\$299,000	\$508
23	999	SITE IMPROVEMENTS 509 NORTH UNION STREET WHITESBORO, TX, 76273		RCV	ISO - 3		0	0	\$0	\$0	\$4,000	\$4,000	\$6
25	001	MAINTENANCE FACILITY 221 COUNTY FACILITY DRIVE DENISON, TX, 75020	X	RCV	ISO - 4	1953	1	24,288	\$2,129,000	\$579,000	\$0	\$2,708,000	\$4,155
25	002	FUEL CANOPY 221 COUNTY FACILITY DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	2000	1	1,034	\$42,000	\$0	\$0	\$42,000	\$64
25	003	STORAGE BUILDING 221 COUNTY FACILITY DRIVE DENISON, TX, 75020	X	RCV	ISO - 2	2000	1	210	\$12,000	\$3,000	\$0	\$15,000	\$24
25	999	SITE IMPROVEMENTS 221 COUNTY FACILITY DRIVE DENISON, TX, 75020		RCV	ISO - 3		0	0	\$0	\$0	\$63,000	\$63,000	\$97
27	001	JUVENILE DETENTION/PROBATION BUILDING 1 86 DYESS STREET DENISON, TX, 75020	X	RCV	ISO - 4	1997	1	12,216	\$1,925,000	\$226,000	\$0	\$2,151,000	\$3,301
27	002	JUVENILE DETENTION/PROBATION BUILDING 2 86 DYESS STREET DENISON, TX, 75020	X	RCV	ISO - 4	1986	1	16,126	\$2,335,000	\$106,000	\$0	\$2,441,000	\$3,746
27	003	BARRACKS 86 DYESS STREET DENISON, TX, 75020	X	RCV	ISO - 4	1997	1	6,016	\$788,000	\$35,000	\$0	\$823,000	\$1,263
27	004	GYMNASIUM BUILDING 86 DYESS STREET DENISON, TX, 75020	X	RCV	ISO - 4	2010	1	4,576	\$647,000	\$13,000	\$0	\$660,000	\$1,013

BUILDING & CONTENTS :

Site	Bldg	Building Name Address	Flood Zone	Coverage Basis	Const. Type	Year Built	Stories	SQ. FT.	Building Value	Content Value	Site Improvement	Total Value	Contribution
27	005	LAWN STORAGE BUILDING 86 DYESS STREET DENISON, TX, 75020	X	RCV	ISO - 3	2000	1	576	\$37,000	\$7,000	\$0	\$44,000	\$68
27	006	VICTOR BUILDING 86 DYESS STREET DENISON, TX, 75020	X	RCV	ISO - 1	2015	1	8,188	\$982,000	\$32,000	\$0	\$1,014,000	\$1,722
27	999	SITE IMPROVEMENTS 86 DYESS STREET DENISON, TX, 75020		RCV	ISO - 3		0	0	\$0	\$0	\$218,000	\$218,000	\$335
28	001	STORAGE BUILDING 107 EAST WAREHOUSE DRIVE DENISON, TX, 75020	X	RCV	ISO - 1	1948	1	1,320	\$59,000	\$17,000	\$0	\$76,000	\$129
29	001	SHOP BUILDING 107 THORSEN STREET DENISON, TX, 75020	X	RCV	ISO - 1	1941	1	1,440	\$54,000	\$19,000	\$0	\$73,000	\$124
30	001	TATCHIO OFFICE (LEASED) 10000 NORTH GRAYSON STREET DENISON, TX, 75020	X	RCV	ISO - 4	1960	1	6,232	\$789,000	\$0	\$0	\$789,000	\$1,211
31	001	HANGAR 5E 114 EXECUTIVE HANGAR DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1986	1	3,360	\$162,000	\$5,000	\$0	\$167,000	\$256
32	001	SHOP BUILDING 4009 121 EAST WAREHOUSE ROAD DENISON, TX, 75020	X	RCV	ISO - 2	1956	1	10,452	\$722,000	\$0	\$0	\$722,000	\$1,147
33	001	ELECTRICAL VAULT STORAGE 126 GOSNELL STREET DENISON, TX, 75020	X	RCV	ISO - 2	1951	1	2,432	\$173,000	\$31,000	\$0	\$204,000	\$324
34	001	HANGAR 4E 130 EXECUTIVE HANGAR DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	2000	1	6,120	\$365,000	\$0	\$0	\$365,000	\$560
35	001	HANGAR 5509 136 EXECUTIVE HANGER DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1955	1	29,395	\$1,778,000	\$0	\$0	\$1,778,000	\$2,728
35	002	HANGER 3E 136 EXECUTIVE HANGER DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1993	1	2,200	\$104,000	\$0	\$0	\$104,000	\$160
36	001	HANGAR BUILDING 7199 NORTH STATE HIGHWAY 299 DENISON, TX, 75020	X	RCV	ISO - 1	2000	1	29,488	\$1,311,000	\$0	\$0	\$1,311,000	\$2,226
37	001	MAINTENANCE SHOP/STORAGE 14 ROBERTS STREET DENISON, TX, 75020	X	RCV	ISO - 1	1941	1	8,144	\$619,000	\$105,000	\$0	\$724,000	\$1,230
37	999	SITE IMPROVEMENTS 14 ROBERTS STREET DENISON, TX, 75020		RCV	ISO - 3		0	0	\$0	\$0	\$10,000	\$10,000	\$15

BUILDING & CONTENTS :

Site	Bldg	Building Name Address	Flood Zone	Coverage Basis	Const. Type	Year Built	Stories	SQ. FT.	Building Value	Content Value	Site Improvement	Total Value	Contribution
38	001	100 SERIES T-HANGAR 149 FIELDER STREET DENISON, TX, 75020	X	RCV	ISO - 3	2004	1	11,250	\$610,000	\$0	\$0	\$610,000	\$936
39	001	5511 STORAGE BUILDING 15 FIELDER STREET DENISON, TX, 75020	X	RCV	ISO - 6	1956	1	9,084	\$707,000	\$0	\$0	\$707,000	\$1,085
40	001	STORAGE BUILDING 371 152 THORSEN STREET DENISON, TX, 75020	X	RCV	ISO - 1	1941	1	1,500	\$73,000	\$19,000	\$0	\$92,000	\$156
41	001	HANGAR 2E 154 EXECUTIVE HANGAR DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1997	1	4,564	\$228,000	\$0	\$0	\$228,000	\$350
42	001	HANGAR 8E 161 EXECUTIVE HANGAR DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1998	1	5,280	\$253,000	\$0	\$0	\$253,000	\$388
43	001	HANGAR 1E 170 EXECUTIVE HANGAR DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1986	1	4,320	\$197,000	\$0	\$0	\$197,000	\$302
44	001	5409 SHOP BUILDING 185 NORTH WAREHOUSE ROAD DENISON, TX, 75020	X	RCV	ISO - 1	1948	1	2,080	\$122,000	\$0	\$0	\$122,000	\$207
45	001	HANGAR 5513 227 WOODRUFF ROAD DENISON, TX, 75020	X	RCV	ISO - 3	1966	2	55,620	\$3,639,000	\$0	\$0	\$3,639,000	\$5,584
46	001	OFFICE BUILDING 5010 261 ANDERSON STREET DENISON, TX, 75020	X	RCV	ISO - 1	1957	1	1,440	\$151,000	\$0	\$0	\$151,000	\$256
47	001	STORAGE BUILDING 5006 277 ANDERSON STREET DENISON, TX, 75020	X	RCV	ISO - 1	1941	1	1,092	\$66,000	\$0	\$0	\$66,000	\$112
48	001	MAINTENANCE BUILDING 280 ANDERSON STREET DENISON, TX, 75020	X	RCV	ISO - 1	1978	1	1,056	\$36,000	\$6,000	\$0	\$42,000	\$71
48	002	SCALE HOUSE 280 ANDERSON STREET DENISON, TX, 75020	X	RCV	ISO - 1	1950	1	72	\$11,000	\$0	\$0	\$11,000	\$19
50	001	MACHINE SHOP BUILDING 3014 HARDENBURG LANE DENISON, TX, 75020	X	RCV	ISO - 3	1978	1	27,971	\$1,670,000	\$0	\$0	\$1,670,000	\$2,563
51	001	5015 BUILDING 307 ANDERSON STREET DENISON, TX, 75020	X	RCV	ISO - 1	1941	1	3,050	\$144,000	\$0	\$0	\$144,000	\$245
52	001	DIAMOND BLADE SHOP 3100 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 2	1961	1	6,988	\$551,000	\$0	\$0	\$551,000	\$876

BUILDING & CONTENTS :

Site	Bldg	Building Name Address	Flood Zone	Coverage Basis	Const. Type	Year Built	Stories	SQ. FT.	Building Value	Content Value	Site Improvement	Total Value	Contribution
53	001	LAKE TEXOMA JET CENTER 3604 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1966	1	37,882	\$2,603,000	\$0	\$0	\$2,603,000	\$3,994
54	001	LTJC SOUTH HANGAR 3743 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	2002	1	15,620	\$1,000,000	\$0	\$0	\$1,000,000	\$1,534
55	001	MEALS ON WHEELS WAREHOUSE 4114 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 1	1948	1	9,180	\$623,000	\$0	\$0	\$623,000	\$1,058
56	001	4004 WAREHOUSE BUILDING 4209 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1941	1	9,000	\$418,000	\$0	\$0	\$418,000	\$641
57	001	4007 STORAGE BUILDING 4214 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 1	1948	1	3,150	\$149,000	\$0	\$0	\$149,000	\$253
58	001	HANGAR 501 4301 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1953	1	24,180	\$1,354,000	\$0	\$0	\$1,354,000	\$2,078
59	001	OFFICE BUILDING 502 4331 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 1	1941	1	1,512	\$143,000	\$0	\$0	\$143,000	\$243
60	001	RAY DAVIS HANGAR 4601 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1956	1	22,680	\$1,689,000	\$0	\$0	\$1,689,000	\$2,592
61	001	CONTROL TOWER 4603 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1963	4	1,350	\$923,000	\$122,000	\$0	\$1,045,000	\$1,604
61	999	SITE IMPROVEMENTS 4603 AIRPORT DRIVE DENISON, TX, 75020		RCV	ISO - 3		0	0	\$0	\$0	\$580,000	\$580,000	\$890
62	001	NORTH TEXAS REGIONAL AIRPORT TERMINAL 4700 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 2	1982	1	3,536	\$337,000	\$0	\$0	\$337,000	\$536
62	999	SITE IMPROVEMENTS 4700 AIRPORT DRIVE DENISON, TX, 75020		RCV	ISO - 3		0	0	\$0	\$0	\$55,000	\$55,000	\$84
63	001	FIRE STATION 4717 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1956	1	4,800	\$394,000	\$72,000	\$0	\$466,000	\$715
63	002	FIRE STATION COMMUNICATION TOWER 4717 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1990	1	0	\$35,000	\$0	\$0	\$35,000	\$54

BUILDING & CONTENTS :

Site	Bldg	Building Name Address	Flood Zone	Coverage Basis	Const. Type	Year Built	Stories	SQ. FT.	Building Value	Content Value	Site Improvement	Total Value	Contribution
65	001	HANGAR 201 4801 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1942	1	22,200	\$1,286,000	\$0	\$0	\$1,286,000	\$1,973
66	001	STORAGE 202 BUILDING 4803 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 1	1941	1	3,210	\$171,000	\$0	\$0	\$171,000	\$290
67	001	GTUA OFFICE BUILDING 5100 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 4	1970	1	7,000	\$784,000	\$109,000	\$0	\$893,000	\$1,370
68	001	HANGAR #1 5103 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1982	2	6,000	\$378,000	\$0	\$0	\$378,000	\$580
69	001	OLD RESTAURANT BUILDING 5300 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 1	1941	1	3,500	\$258,000	\$0	\$0	\$258,000	\$438
70	001	JUVENILE OFFICE BUILDING 5401 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 2	1955	1	4,079	\$412,000	\$0	\$0	\$412,000	\$655
71	001	NDB ANTENNA BUILDING 747 RANGER ROAD DENISON, TX, 75020	X	RCV	ISO - 3	1999	1	100	\$15,000	\$31,000	\$0	\$46,000	\$71
72	001	400 SERIES T-HANGAR 88 FIELDER STREET DENISON, TX, 75020	X	RCV	ISO - 3	2002	1	11,000	\$473,000	\$0	\$0	\$473,000	\$726
73	001	200 SERIES T-HANGAR 96 FIELDER STREET DENISON, TX, 75020	X	RCV	ISO - 3	1997	1	11,000	\$453,000	\$0	\$0	\$453,000	\$695
74	001	2801 SHOP BUILDING 96 THORSEN STREET DENISON, TX, 75020	X	RCV	ISO - 1	1941	1	1,500	\$76,000	\$0	\$0	\$76,000	\$129
75	001	702 OFFICE BUILDING 9914 NORTH GRAYSON DRIVE DENISON, TX, 75020	X	RCV	ISO - 1	1959	1	7,239	\$682,000	\$0	\$0	\$682,000	\$1,158
77	001	STORAGE 3803 BUILDING MCCALLUM STREET DENISON, TX, 75020	X	RCV	ISO - 1	1955	1	1,400	\$64,000	\$18,000	\$0	\$82,000	\$139
78	001	STORAGE 5309 BUILDING NORTH WAREHOUSE ROAD DENISON, TX, 75020	X	RCV	ISO - 3	1960	1	2,000	\$72,000	\$0	\$0	\$72,000	\$110
79	001	WAREHOUSE 19 EAST WAREHOUSE DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1941	1	9,000	\$503,000	\$0	\$0	\$503,000	\$772
80	001	2101 OFFICE BUILDING 5600 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 1	1941	1	1,500	\$75,000	\$19,000	\$0	\$94,000	\$160

BUILDING & CONTENTS :

Site	Bldg	Building Name Address	Flood Zone	Coverage Basis	Const. Type	Year Built	Stories	SQ. FT.	Building Value	Content Value	Site Improvement	Total Value	Contribution
81	001	ILS SHED #1 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1999	1	100	\$9,000	\$31,000	\$0	\$40,000	\$61
81	002	ILS SHED #2 AIRPORT DRIVE DENISON, TX, 75020	X	RCV	ISO - 3	1999	1	100	\$9,000	\$1,000	\$0	\$10,000	\$15
81	999	SITE IMPROVEMENTS AIRPORT DRIVE DENISON, TX, 75020		RCV	ISO - 3		0	0	\$0	\$0	\$1,037,000	\$1,037,000	\$1,591
82	001	CONSTRUCTION SHOP/STORAGE 66 FIELDER STREET DENISON, TX, 75020	X	RCV	ISO - 2	1967	1	500	\$42,000	\$7,000	\$0	\$49,000	\$78
83	001	TRBC BUILDING 3911 TEXOMA PARKWAY SHERMAN, TX, 75090		RCV	ISO - 4	1979	1	6,024	\$903,600	\$0	\$35,000	\$938,600	\$1,440
83	002	TRBC BUS BARN #1 3911 TEXOMA PARKWAY SHERMAN, TX, 75090		RCV	ISO - 3	1997	1	1,000	\$50,000	\$0	\$0	\$50,000	\$77
83	003	TRBC BUS BARN #2 3911 TEXOMA PARKWAY SHERMAN, TX, 75090		RCV	ISO - 3	2014	1	1,200	\$50,000	\$0	\$0	\$50,000	\$77
Building & Contents Total:									\$94,900,600	\$6,646,000	\$2,673,000	\$104,219,600	\$161,569

FINE ARTS:

Item	Address	Fine Arts Description	Effective Date	Expiration Date	Total Value	Contribution
476	, , ,	F-86L AIRPLANE #N16144	07/01/2017	07/01/2018	\$50,000	\$85
Fine Arts Total:					\$50,000	\$85

MOBILE EQUIPMENT:

Item	Year	Make	Model	Serial #	Effective Date	Expiration Date	Total Value	Contribution
477		BOMAG	MPH364	901B23001742	07/01/2017	07/01/2018	\$318,700	\$639
Unassigned Department Total Items Scheduled: 1							\$318,700	\$639
Mobile Equipment Total: Total Items Scheduled: 1							\$318,700	\$639

UNMANNED AIRCRAFT: Not Applicable

Totals	Square Footage	Building Value	Contents Value	Site Improvements Value	Total Covered Values	Total Contribution
Building & Contents Total:	949,713	\$94,900,600	\$6,646,000	\$2,673,000	\$104,219,600	\$161,569
Fine Arts Total:					\$50,000	\$85
TOTAL Covered Values:					\$104,269,600	\$161,654
Mobile Equipment Total:					\$318,700	\$639
Unmanned Aircraft Total:					\$0	

Construction Type	Coverage Basis	Special Flood Hazard Zones:		
ISO 1 – F, Frame	RCV – Replacement Cost Value	A	A99	AR/AH
ISO 2 – JM, Joisted Masonry	HIST – Historical Reproduction Cost Value	AO	AR	AR/A0
ISO 3 – NC, Light Noncombustible	ACV – Actual Cash Value	AH	AR/A	V
ISO 4 –MNC, Masonry Noncombustible	EXC – Excluded from Coverage	A1 – A30	AR/AE	V1 – V30
ISO 5 – MRF, Modified Fire Resistive		AE	AR/A1 – A30	VE
ISO 6 – FR, Fire Resistive				



TEXAS ASSOCIATION *of* COUNTIES RISK MANAGEMENT POOL

PROPERTY COVERAGE DOCUMENT

PROPERTY COVERAGE

SECTION A

This Coverage Document, subject to the terms, exclusions, limits and conditions set out or endorsed, covers against all risks of direct physical loss of or direct physical damage to Member property as described, provided such loss or damage occurs during the coverage period.

The Contribution and Coverage Declarations (CCD) issued to the Member by the Pool is part of this Coverage Document, subject to the terms, conditions, definitions, exclusions and sublimits contained in this Coverage Document, any endorsements, and the Interlocal Participation Agreement (IPA).

Words and phrases that are capitalized have special meaning. Refer to SECTION A, 2-DEFINITIONS.

1. USE OF COVERAGE TERMS

The Texas Association of Counties Risk Management Pool (Pool) was created by interlocal agreement to enable its Members to obtain coverage against various types of risk. For convenience and clarity, this document may use terms customarily used in the insurance industry, but this is not a contract of insurance. It is an agreement between political subdivisions to cover certain property against risk pursuant to the provisions of Chapters 791 and 2259 of the Texas Government Code. The Pool's Members, which are political subdivisions of the State of Texas, participate in the Pool as an alternative to commercial insurance.

2. DEFINITIONS

- A. **Actual Cash Value** means the amount it would cost to repair or replace covered property, on the date of loss, with material of like kind and quality, with proper deduction for obsolescence and physical depreciation. ACV is computed by subtracting the depreciation of the lost or damaged Covered Property from the actual replacement cost, using material of like kind and quality, of the Covered Property at the time of Loss.
- B. **Contribution** means the amount paid by the Member to the Pool for this coverage.
- C. **Contribution & Coverage Declarations (CCD)** means the document that sets forth the specific indication of the coverage, limits and deductibles, Contributions and special provisions elected by each Member, including any modifications made by issuance of any amendatory CCD or endorsement.

- D. **Coverage Document** means the Texas Association of Counties Risk Management Pool's Property Coverage Document that sets forth in detail the exact coverage provided.
- E. **Coverage Territory** means Locations in the United States of America.
- F. **Earthquake** means any natural or man-made earth movement, including earthquake, landslide, subsidence or volcanic eruption regardless of any other cause or event contributing concurrently or in any other sequence of loss, excluding physical damage by fire, explosion or sprinkler leakage resulting from an Earthquake. All Earthquakes within a continuous 168 hour period will be considered a single Earthquake, the beginning of which will be determined by the Member.
- G. **Flood** means a general and temporary condition of partial or complete inundation normally dry land area from: rising waters, waves, tide, or tidal water; unusual and rapid accumulation or runoff of surface waters from any source; mudslide or mudflow caused by accumulation of water on or under the ground; or the release of water, the rise, overflow, or break of the boundary of a natural or man-made body of water, including spray, excluding physical damage by fire, explosion or sprinkler leakage resulting from Flood.
- H. **Location** means: (1) a Member Location specified in the Schedule of Locations, except for Miscellaneous Unnamed Locations; or (2) a building, yard, dock, wharf, pier or bulkhead (or any group of the foregoing) bound on all sides by public streets, clear land space or open waterways, each not less than a fifty feet wide separation, including a Miscellaneous Unnamed Location, except that a bridge or tunnel crossing a street, space or waterway will render the separation inoperative.
- I. **Member** means the political subdivision of the State of Texas that is a current participant in the Pool and designated on the CCD.
- J. **Member Location** means a location that is: (1) listed on a schedule or appraisal on file with the Pool; (2) covered as a Miscellaneous Unnamed Location; or (3) covered under the terms and conditions of the Automatic Coverage, Errors and Omissions, or Property in Course of Construction and Soft Costs.
- K. **Mobile Equipment** means a motorized vehicle that is only incidentally operated on a public roadway and is not subject to a motor vehicle insurance law, including road construction and maintenance machinery such as a bulldozer, forklift, loader or grader.
- L. **Occurrence** means any one loss, disaster, casualty or series of losses, disasters, or casualties, arising out of one event during a continuous period of 72 hours.
- M. **Pollution** means any solid, liquid, gaseous or thermal irritant or contaminant,

including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, bacteria, fungi, virus, mold, spores, vaccines and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

N. **Pool** means the Texas Association of Counties Risk Management Pool.

O. **Special Hazard Zone for Flood** means areas in which the Member's property is located that at the time of direct physical loss, damage or destruction:

- 1) has been designated on a Flood Insurance Rate Map published by the Federal Insurance Administration, and in effect at the time of the loss, to be a Special Flood Hazard Area (areas identified as Zones A, AO, AH, AI — A30, AE, A99, AR, AR/A, AR/AE, AR/A1 — A30, AR/AH, AR/A0, V, V1-V30, and VE.); or
- 2) in areas where the National Flood Insurance Program is not in effect, an area that in the past 100 years has been subjected to flooding regardless of whether:
 - a. the building or structure existed at the time of the flooding;
 - b. any direct physical loss or damage from Flood occurred; or
 - c. any Flood claim for loss was ever filed.

P. **Storm Surge** means water driven inland from coastal waters by high winds and low atmospheric pressure. Storm surge shall not be considered Flood.

Q. **Time Element Value** means the sum of Gross Earnings, Extra Expense, Leasehold Interests, Loss of Rents, and Contingent Tax Revenue Interruption that would have been earned or received for the Location where the physical loss or damage occurs, had there not been physical loss or damage.

3. MEMBER LOCATION

The coverage under this Coverage Document applies to a Member Location unless otherwise provided. This Coverage Document covers Member Locations in The United States of America.

4. LIMITS OF LIABILITY

The Pool's maximum Limit of Liability in a single Occurrence regardless of the number of Locations or coverage involved will not exceed the Total Covered Value Limit indicated on the CCD or any amended coverage schedules.

The terms and conditions in this document, including the stated sublimits, constitute the program as a whole for the Member. The sublimits are a part of, and do not

increase, any Limits of Liability of the program.

When an annual aggregate limit is provided below, the Pool's maximum limit of liability will not exceed that limit for all covered losses that occur during the Coverage Document Period regardless of the number of Locations and coverage involved.

Any sublimit for Earthquake, Flood, and Named Storm is the maximum amount potentially recoverable for all covered loss, damage, expense or time element loss relating to such an Occurrence.

The following sublimits apply on a per Occurrence basis, unless otherwise stated on the CCD. Any sublimit shown as an annual aggregate applies per Occurrence and to all losses for that peril/coverage in the aggregate during the coverage term.

Coverage	Sublimit
Accounts Receivable	\$500,000 or as specifically scheduled
Automatic Coverage – 90 Day Limitation	Newly Acquired Locations \$5,000,000, including \$100,000 any one piece of Rental Mobile Contractors Equipment
Demolition & Increased Cost of Construction	\$2,000,000
Claim Preparation Fees and Expenses	\$100,000
Contingent Business Interruption/ Extra Expense	\$250,000
Contingent Tax Revenue Interruption	\$100,000
Crime	\$100,000 per occurrence
Employee Dishonesty	Included
Forgery or Alteration	Included
Theft, Disappearance and Destruction	Included
Robbery and Safe Burglary	Included
Computer Fraud and Funds Transfer Fraud	Included
Money Orders and Counterfeit Paper	Included
Currency	Included
Debris Removal	Lesser of 25% of Loss or \$2,500,000
Decontamination Costs	\$500,000
Deferred Payments	\$100,000
Earthquake	\$10,000,000 annual aggregate limit
EDP Data & Media	\$1,000,000

Equipment Breakdown, including	\$50,000,000
Spoilage	\$250,000
Service Interruption	\$1,000,000
Business Income	Included
Extra expense	\$500,000
Expediting Expense	\$250,000
Hazardous Substance	\$125,000
Ammonia Contamination	\$125,000
Data & Media	\$1,000,000
CFC Refrigerants	\$100,000
Computer Equipment	Included
Water Damage	\$50,000
Consequential Loss	\$50,000
Errors and Omissions	\$2,500,000
Evacuation Expense	\$1,000,000
Expediting Expense	\$500,000
Extended Period of Indemnity (Lesser of actual loss for period of 180 days or limit shown)	\$1,000,000
Fine Arts	As scheduled; not to exceed \$1,000,000
Flood –as respects Locations situated wholly or partially within Special Hazard Zones for Flood	\$2,500,000 annual aggregate
Flood – Except Special Hazard Zones for Flood	\$10,000,000 annual aggregate
Flood – as respects structures located wholly or partially within Special Hazard Zones for Flood that is ineligible property under the National Flood Insurance Program	\$100,000
Golf Course Greens and Tees	\$1,000,000
Interruption by Civil Authority (Lesser of actual loss sustained for 30 consecutive days or limit shown), subject to a 5 mile limitation.	\$1,000,000
Land and Water Pollutant Cleanup and Removal	\$100,000 subject to \$1,000,000 annual aggregate
Landscape Improvements	\$100,000, subject to \$5,000 for any one tree or shrub
Law Enforcement Dogs and Horses	\$30,000 per animal
Miscellaneous Unnamed Locations	\$2,500,000
Mobile Equipment (includes Mobile Medical Equipment)	As scheduled; not to exceed \$500,000 for any one piece of Mobile Medical Equipment
Mold- Valuable Papers, & Records and EDP Media	\$1,000,000
Named Storm	Total Covered Value; not to exceed \$50,000,000
Personal Property of Others: not subject to deductible	\$2,500
Piers, Docks, Pilings, Bulkheads, and Wharves	Total Covered Value; not to

Airport Runways	<p>exceed \$500,000 any one Location, subject to \$1,000,000 any one occurrence</p> <p>Not to exceed \$250,000 any one Location, unless scheduled</p>
Property in the Course of Construction and Soft Costs	\$5,000,000
Valuable Papers, Records	\$1,000,000
Temporary Removal	Included; except \$1,000,000 for removal for the purpose of being repaired or serviced
Time Element	
Gross Earnings and Extra Expense	\$1,000,000
Leasehold Interest	\$500,000
Loss of Rents	\$500,000
Property Damage and Time Element combined	
Service Interruption	\$500,000
Transit	\$500,000
Any one Watercraft, 27 feet or less in length	<p>\$250,000</p> <p>(\$1,500,000 Aggregate any one Occurrence.</p>

Time Limits

In addition to the time limits shown elsewhere in this Coverage Document, the following apply:

Automatic Coverage	90 Day Period
Automatic Coverage- Mobile Equipment	30 Day Period
Extended Period of Indemnity	180 Day Period
Ingress/Egress	30 Day Period
Interruption by Civil Authority	30 Day Period

5. OCCURRENCE LIMIT OF LIABILITY

The Limit of Liability shown on the CCD or in this Coverage Document, or endorsed onto this Coverage Document, is the total limit of the Pool's liability applicable to each Occurrence. The Pool's liability will never exceed the applicable Limit of Liability or Aggregate Limit of Liability regardless of the number of Locations involved. In the event of a covered loss, the Pool's liability is limited to the lesser of the following:

- A. The actual adjusted amount of loss, less applicable deductible; or
- B. The Limit of Liability or Aggregate Limit of Liability shown on the CCD or in this Coverage Document or endorsed onto this Coverage Document.

6. VALUE REPORTING PROVISIONS

The Member is required to provide the Pool 100% replacement cost values by Location at the beginning of the Coverage Document Period. The Member is not required to report changes in value for existing Locations during the Coverage Document Period. However, the Member must report to the Pool all changes in value annually at renewal to allow the Pool to accurately determine the Member's renewal Contribution.

7. WAITING PERIOD

There is a 24-hour waiting period before Service Interruption, Interruption by Civil Authority and Ingress/Egress Coverage will be applicable.

8. DEDUCTIBLES

For a loss covered by this Coverage Document, the Pool will be liable only if the Member sustains a loss in a single Occurrence greater than the underlying limit or the applicable deductible specified below, and only for its share of that greater amount.

A. Named Storm in Tier 1 Counties:

This section applies to the following Tier One Counties in Named Storm Designated Wind Areas: Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Refugio, San Patricio, and Willacy (Note: exposures declared by Harris County CSCD are not considered Tier One).

Named Storm means all loss or damage occurring during a period of 72 consecutive hours that is caused by or results from a storm or weather disturbance that is named as a Tropical Storm or Hurricane by the National Weather Service or any other recognized meteorological authority, including all weather phenomenon associated with or occurring in conjunction with the storm or weather disturbance, such as Flood, Storm Surge, wind driven rain, wind, hail, sleet, tornadoes, or lightning.

The Member's deductible for Property Damage Coverage resulting from a Named Storm is 2% of the 100% Replacement Cost Value, or 100% Reproduction Cost Value if applicable, as determined under the Loss Adjustment and Settlement section, with a minimum deductible of \$50,000 per Occurrence for all Locations combined.

If a claim for loss from the perils of wind, hail and Flood resulting from a Named Storm involves loss or damage at more than one Location, the deductible amount will be calculated separately for each Location suffering loss or damage and applied separately to the adjusted loss at each Location, subject to the minimum deductible of \$50,000 for all such loss or damage at all Locations combined.

Property consisting of Mobile Equipment shall not be subject to a minimum deductible for Named Storm in Tier One Counties.

If the Member maintains underlying coverage through the Texas Windstorm Insurance Association (TWIA), it is agreed that the coverage provided by this Coverage Document is excess and excludes the perils of wind and hail to the extent of recovery under the Member's TWIA policy. If the amount of loss payable under the Member's TWIA policy exceeds the applicable Named Storm in Tier 1 Counties deductible under this Coverage Document, then no deductible shall apply hereunder. However, if the amount to be paid under such TWIA policy is less than the applicable Named Storm in Tier 1 Counties deductible under this Coverage Document, the Member's deductible will not exceed the difference between the amount to be paid under the Member's TWIA policy and the applicable Named Storm in Tier 1 Counties deductible under this Coverage Document.

If a claim for losses resulting from Flood, as covered and defined under the National Flood Insurance Program, related to a Named Storm includes Member's buildings or structures located wholly or partially in a Special Hazard Zone for Flood, the following separate deductibles apply individually and supersede the two or more deductible provision:

- 1) For all coverages covered against under this Coverage Document, if the Member purchases coverage from the National Flood Insurance Program, the deductible shall be the amount recoverable from the National Flood Insurance Program or Actual Cash Value, not to exceed \$500,000. This deductible would apply for each building or structure, and contents at each building or structure.
- 2) For all coverages covered against under this Coverage Document, if the Member does not purchase coverage from the National Flood Insurance Program, or the property is not eligible for coverage from the National Flood Insurance Program, or in the event the National Flood Insurance Program is discontinued, the deductible shall be \$ 500,000 per building or structure and \$500,000 for contents at each building or structure.
- 3) If insurance is otherwise available under the National Flood Insurance Program but the Member Property is a structure similar in character and nature to those structures listed as "ineligible property" under the National Flood Insurance Program General Rules and not otherwise excluded by this Coverage Document, the Member's deductible shall be \$25,000 subject to an amount not to exceed \$100,000 per Occurrence. Examples include, but are

not limited to, gazebos, pavilions, park equipment, fences, and gates.

B. Flood

Except as provided below, the Member's Deductible for a loss resulting from a Flood is \$25,000 unless otherwise stated on the Contributions & Coverage Declarations.

Property consisting of Mobile Equipment shall not be subject to the Special Hazard Zone for Flood deductible detailed below.

If a claim for losses resulting from Flood, as covered and defined under the National Insurance Flood Program, includes a Member's buildings or structures located wholly or partially in a Special Hazard Zone for Flood the following separate deductibles apply individually and supersede the two or more deductible provision:

- 1) For all coverages covered against under this Coverage Document, if the Member purchases coverage from the National Flood Insurance Program, the deductible shall be the amount recoverable from the National Flood Insurance Program or Actual Cash Value, not to exceed \$500,000. This deductible would apply for each building or structure, and contents at each building or structure.
- 2) For all coverages covered against under this Coverage Document, if the Member does not purchase coverage from the National Flood Insurance Program, or the property is not eligible for coverage from the National Flood Insurance Program, or in the event the National Flood Insurance Program is discontinued, the deductible shall be \$ 500,000 per building or structure and \$ 500,000 for contents at each building or structure.
- 3) If insurance is otherwise available under the National Flood Insurance Program but the Member Property is a structure similar in character and nature to those structures listed as "ineligible property" under the National Flood Insurance Program General Rules and not otherwise excluded by this Coverage Document, the Member's deductible shall be \$25,000 subject to an amount not to exceed \$100,000 per Occurrence. Examples include, but are not limited to, gazebos, pavilions, park equipment, fences, and gates.

C. All Other Perils

The Member's deductibles for all other perils are indicated on the Contribution & Coverage Declarations.

D. Mobile Equipment

The Member's deductible for Mobile Equipment is indicated on the Contribution & Coverage Declarations.

E. Two or More Deductibles

Except for losses resulting from Flood, if two or more deductibles apply to an Occurrence resulting in loss or damage covered under this Coverage Document, the total deductible will not exceed the single largest deductible applicable to the Occurrence.

Notwithstanding the terms of this section, in any Occurrence where loss or damage is caused by more than one peril covered under this Coverage Document, the Member may separate the loss amount by peril and request the use of multiple applicable deductibles.

SECTION B PROPERTY DAMAGE

1. PROPERTY COVERED

This Coverage Document covers the following property, unless otherwise excluded elsewhere in this Coverage Document, anywhere within the Coverage Territory, to the extent of the interest of the Member in such property.

A. Real Property, including buildings, remodeling, installations, and additions under construction at any new or existing Location(s), in which the Member has an insurable interest.

B. Personal Property:

- 1) Owned by the Member, including the Member's interest as a tenant in improvements and betterments. In the event of physical loss or damage, the Pool agrees to accept and consider the Member as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary;
- 2) Of officers and employees of the Member while at a Covered Location, or when in use within the scope of duties performed on behalf of the Member;
- 3) Of others in the Member's custody to the extent the Member is under obligation to keep covered for physical loss or damage covered by this Coverage Document; or
- 4) Of others in the Member's custody to the extent of the Member's legal liability for physical loss or damage to personal property. The Pool will defend that portion of any suit against the Member that alleges such liability and seeks damages for such covered physical loss or damage. The Pool may, without prejudice, investigate, negotiate and settle any claim or suit as the Pool deems expedient.
- 5) Equipment and towers owned, rented, or leased by the Member.

6) Personal property is covered anywhere within the Coverage Territory.

This Coverage Document also covers the interest of contractors and subcontractors in covered property during construction at a Covered Location or within 1,000 feet thereof, to the extent of the Member's legal liability for covered physical loss or damage to such property. Such interest of contractors and subcontractors is limited to the property for which they have been hired to perform work and such interest will not extend to any Time Element coverage provided under this Coverage Document.

2. PROPERTY EXCLUDED

This Coverage Document excludes:

- A. Animals (other than law enforcement dogs and horses)
- B. Currency, money, precious metal in bullion form, notes, or securities.
- C. Dams; canals; off shore drilling rigs; reservoirs; tunnels or bridges used by public vehicular traffic.
- D. Roadways, highways, or streets or any pavement that is part of a roadway, highway, or street (this includes but is not limited to sidewalks, curbs, culverts or other paved surfaces).
- E. Land, water or any other substance in or on land; except this exclusion does not apply to loss or damage, at a covered Location caused by or resulting from: Earthquake, explosion, falling aircraft, fire, flood, hail, lightning, Named Storm, smoke, tornado, vehicle impact, wind driven water, and windstorm for the following items:
 - 1) Land improvements consisting of tunnels, or bridges (not including bridges used for public vehicular traffic), piers, docks, pilings, bulkheads, wharves, piping, fiber optic cable, retaining walls, but not including any land beneath the property.
 - 2) Site improvements consisting of parking lots, sidewalks, and culverts.
 - 3) Athletic Fields
 - 4) Water that is contained within any enclosed tank, piping system or any other processing equipment.
- F. Motor vehicles licensed for road use.
- G. Trailers licensed for road use not including trailers used for covered watercraft.

- H. Overhead transmission and distribution lines located more than 1,000 feet from a Covered Location.
- I. Property in Transit unless otherwise described in this Coverage Document.
- J. Property sold by the Member under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers except as provided by the Deferred Payment coverage of this Coverage Document.
- K. Underground mines, mineshafts or caverns or any property within such mine, shaft or cavern.
- L. Watercraft greater than 27 feet or aircraft (aircraft includes but is not limited to any aerial vehicle that is not controlled by a person from within or on the aerial vehicle), spacecraft or satellites.
- M. Standing timber, growing crops, grass or sod (not including athletic fields).

3. ADDITIONAL COVERAGE

This Coverage Document includes the following additional coverage for physical loss or damage covered by this Coverage Document.
Additional Coverage:

Is subject to the applicable Limit of Liability;

Will not increase the Total Coverage Value limit of liability; and

Is subject to the coverage provisions, including applicable exclusions and deductibles in this Coverage Document.

A. ACCOUNTS RECEIVABLE

This Coverage Document covers any shortage in the collection of accounts receivable, resulting from covered physical loss or damage to accounts receivable records while anywhere within this Coverage Document Territory, including while in transit. The Pool will be liable for the interest charges on any loan to offset impaired collections pending repayment of a sum uncollectible as the result of a loss or damage. Unearned interest and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted in determining the recovery.

- 1) In the event of loss to accounts receivable records, the Member will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding accounts receivable.
- 2) In reducing the loss under this additional coverage, the Member agrees to use any suitable property or service owned or controlled by the Member or

obtainable from other sources. The Pool will pay reasonable and necessary costs incurred by the Member to reduce a loss up to the amount the loss was reduced.

- 3) If it is possible to reconstruct accounts receivable records so that no shortage is sustained, the Pool will be liable only for the reasonable and necessary cost incurred for material and time required to re-establish or reconstruct the records, and not for any costs covered by any other coverage.
- 4) Accounts Receivable Exclusions: The following exclusions are in addition to the Exclusions subsection of this Section:

This additional coverage does not cover a shortage resulting from:

- a. Bookkeeping, accounting or billing errors or omissions;
- b. (i) Alteration, falsification, manipulation; or
(ii) Concealment, destruction or disposal;

of accounts receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property; but only to the extent of such wrongful giving, taking, obtaining or withholding.

- 5) The Pool will settle a loss under this subsection within 90 days from the date the physical loss or damage is reported by the Member. All amounts recovered by the Member on outstanding accounts receivable on or after the date of a loss reported to the Pool will belong and be paid to the Pool up to the amount of loss paid by the Pool. All recoveries exceeding the amount paid by the Pool will belong to the Member.

B. AUTOMATIC COVERAGE (NEWLY ACQUIRED)

This Coverage Document covers property at any Location that is rented, leased or purchased by the Member after the inception date of this Coverage Document, and equipment and towers located in the Coverage Territory.

This additional coverage does not apply to property covered in whole or in part by any other coverage.

This coverage will apply until the property is reported and bound by the Pool or the time limit shown in the Time Limits clause in the Limits of Liability has been reached. The Time Limit Begins on the date of rental, lease, or purchase.

With respect to Automatic Coverage for Mobile Equipment, Member must have Mobile Equipment coverage in place at the time of loss. Coverage is subject to the deductible as shown on the CCD.

C. BRANDS AND LABELS

If branded or labeled property covered by this Coverage Document is physically damaged and the Pool elects to take all or any part of that property, the Member may at the Pool's expense:

- 1) Stamp salvage on the property or its containers; or
- 2) Remove or obliterate the brands or labels;

If doing so will not damage the property. In either event, the Member must relabel property or its containers to be in compliance with any applicable law.

D. CLAIMS PREPARATION FEES AND EXPENSES

This Coverage Document covers the actual costs incurred by the Member of reasonable fees payable to accountants, architects, auditors, engineers, or other professionals and the cost of using the Member's employees, to produce and certify information in the Member's records, or other proofs, information or evidence required by the Pool related to a covered loss payable under this Coverage Document for which the Pool has accepted liability.

This additional coverage excludes the fees and costs of attorneys, public adjusters, and loss appraisers, and any subsidiary or related entities owned or retained to assist them.

E. CONSEQUENTIAL REDUCTION IN VALUE

This Coverage Document covers the reduction in value of covered merchandise that is a part of pairs, sets or components, directly resulting from physical loss or damage covered by this Coverage Document to other covered parts of pairs, sets or components of the merchandise. If settlement is based on a constructive total loss, the Member will surrender the undamaged parts of the merchandise to the Pool.

F. DEBRIS REMOVAL

This Coverage Document covers the reasonable and necessary costs incurred to remove debris from a Covered Location that remains as a direct result of physical loss or damage covered by this Coverage Document.

This Additional Coverage does not cover the costs of removal of:

- 1) Contaminated uncovered property; or
- 2) The contaminant in or on uncovered property;

whether or not the contamination results from covered physical loss or damage. Contamination includes, but is not limited to, the presence of Pollution or

hazardous material.

G. DECONTAMINATION COSTS

If covered property is contaminated as a direct result of physical damage covered by this Coverage Document subject to a current law or ordinance regulating contamination, including the presence of Pollution or hazardous material, this Coverage Document covers, as a direct result of enforcement of the law or ordinance, the increased cost of decontamination and removal of such contaminated covered property required to comply with the law or ordinance. This additional coverage applies only to that part of covered property contaminated as a direct result of covered physical damage.

The Pool is not liable for the costs required to remove contaminated uncovered property or the contaminant, whether or not the contamination results from a covered event.

H. DEFERRED PAYMENTS

This Coverage Document covers physical loss or damage to personal property covered and sold by the Member under a conditional sale or trust agreement or any installment or deferred payment plan and after the property has been delivered to the buyer. Coverage is limited to the unpaid balance for the property.

In the event of loss to property sold under deferred payment plans, the Member will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding amounts due or to regain possession of the property.

There is no liability under this Coverage Document for loss:

- 1) Pertaining to products recalled, including the costs to recall, test or to advertise such recall by the Insured.
- 2) From theft or conversion by the buyer of the property after the buyer has taken possession of the property.
- 3) To the extent the buyer continues payments.
- 4) Not within the Coverage Territory.

I. DEMOLITION AND INCREASED COST OF CONSTRUCTION

- 1) This Coverage Document covers the reasonable and necessary costs incurred to satisfy the minimum requirements of the enforcement of any law or ordinance effective on the date of covered loss or damage regulating the demolition, construction, repair, replacement or use of buildings or structures

at a Covered Location, provided that the enforcement is a direct result of the covered loss or damage.

- 2) This additional coverage does not cover any loss due to any law or ordinance with which the Member should have complied before the loss.
- 3) This additional coverage covers only:
 - a. The cost to repair or rebuild the physically damaged portion of property with materials and in a manner to satisfy the law or ordinance; and
 - b. To the extent that the costs result when the total demolition of the damaged covered property is required to satisfy the law or ordinance the cost:
 - (i) to demolish the physically undamaged portion of the property covered; and
 - (ii) to rebuild it with materials and in a manner to satisfy such law or ordinance.
- 4) This additional coverage excludes any costs incurred as a direct or indirect result of enforcement of any laws or ordinances regulating any form of contamination, including the presence of Pollution or hazardous material.
- 5) The Pool's maximum liability for this additional coverage at each Covered Location in any Occurrence will not exceed the actual cost incurred in demolishing the physically undamaged portion of the property covered plus the lesser of:
 - a. The reasonable and necessary cost incurred, excluding the cost of land, in rebuilding on another site; or
 - b. The cost of rebuilding on the same site.

J. EARTHQUAKE

This Coverage Document covers physical loss or damage caused by or resulting from Earthquake.

This additional coverage does not apply to loss or damage caused by or resulting from Flood; rising waters; waves; tide or tidal water; the release of water; the rising, overflowing or breaking of boundaries of natural or man-made bodies of water, or the spray therefrom; surface water or sewer back-up resulting from any of the foregoing; all regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

K. EVACUATION EXPENSE

In the case of actual loss or damage of the type covered against by this Coverage Document or a Mandatory Evacuation Order, this additional coverage will pay the expenses incurred by the Member for the emergency evacuation of patients from a covered Location and will cover the reasonable and necessary expenses to return the patients.

Mandatory Evacuation Order means the first public broadcast of a compulsory evacuation made by the responsible civil authority that is specific as to the effective date, time and area affected and which arises out of a peril for which coverage would have been provided if such peril had caused loss or damage to a covered Location. The Mandatory Evacuation Order must commence during the coverage period. Recommended, advisory, precautionary, or voluntary evacuation is not included in the definition of Mandatory Evacuation Order.

This additional coverage does not apply to any expenses incurred for scheduled evacuation drills, fire or safety drills or the evacuation of a patient due to a medical condition.

L. ERRORS AND OMISSIONS

If physical loss or damage is not payable under this Coverage Document solely due to an error or unintentional omission:

- 1) In the description of where covered property is physically located;
- 2) To include any Location:
 - a. Owned, rented or leased by the Member on the effective date of this Coverage Document; or
 - b. Purchased, rented or leased by the Member during the term of this Coverage Document; or
- 3) That results in cancellation of the property covered under this Coverage Document;

This Coverage Document covers such physical loss or damage, to the extent it would have provided coverage had such error or unintentional omission not been made provided that the Member promptly report any error or unintentional omission to the Pool when discovered and corrected.

M. EXPEDITING COSTS

This Coverage Document covers the reasonable and necessary costs incurred to pay for the temporary repair of covered damage to covered property and to

expedite the permanent repair or replacement of the damaged property.

This additional coverage does not cover costs:

- 1) Recoverable elsewhere in this Coverage Document; or
- 2) Of permanent repair or replacement of damaged property.

N. FINE ARTS

This Coverage Document covers physical loss or damage to Fine Arts articles while anywhere within the Coverage Territory, when scheduled including while in transit.

- 1) This additional coverage excludes loss or damage if the Fine Arts cannot be replaced with other of like kind and quality, unless it is specifically declared to the Pool.
- 2) Fine Arts Exclusions: The exclusions the Exclusions clause of this Section do not apply to Fine Arts coverage except for: A.1), A.2), B.1), B.2), B.3) and B.4). In addition, as respects Fine Arts, the following exclusions apply:

This Coverage Document does not cover against:

- a. Deterioration, wear and tear, or inherent vice; or
- b. Loss or damage from any repairing, restoration or retouching process.
- 3) **Fine Arts** means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; murals; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit, excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft, money, or securities.

O. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES

This Coverage Document covers the following expenses resulting from a covered loss:

- 1) Fire brigade charges and any extinguishing expenses which the Member incurs; and
- 2) Loss and disposal of fire extinguishing materials expended.

P. FLOOD

This Coverage Document covers physical loss or damage caused by or resulting

from Flood. Storm Surge is not considered to be loss by Flood within the terms and conditions of this Coverage Document.

Q. GOLF COURSE GREENS AND TEES

This Coverage Document covers loss to golf course greens and tees (including practice greens and tees as well as sand traps and bunkers) caused by or resulting from the following causes of loss: Earthquake, explosion, falling aircraft, fire, hail, lightning, Named Storm, smoke, tornado, vandalism or malicious mischief, vehicles, and windstorm.

Drought, freeze, mold, fungus, disease or rot is specifically not covered by this extension.

This Coverage Document covers the cost for Debris Removal and Time Element and does not increase the Limits of Liability that apply with this Additional Coverage extension.

R. LAND AND WATER CONTAMINANT OR POLLUTANT CLEANUP, REMOVAL & DISPOSAL

This Coverage Document covers the reasonable and necessary cost for the cleanup, removal and disposal of contaminants or pollutants from uncovered property consisting of land, including water or any other substance in land, and water on land, at a Location if the release, discharge or dispersal of contaminants or pollutants is a direct result of covered physical loss or damage to covered property.

This Coverage Document does not cover the cost to cleanup, remove and dispose of contaminants or pollutants from property:

- 1) At any Location covered for personal property only;
- 2) At any property covered under Automatic Coverage, Errors And Omissions or Miscellaneous Unnamed Locations coverage provided by This Coverage Document; or
- 3) When the Member fails to give written notice of loss to the Pool within 180 days after inception of the loss.

S. LANDSCAPE IMPROVEMENTS

This Coverage Document covers loss to shrubs or trees caused by or resulting from the following causes of loss: Earthquake, explosion, falling aircraft, fire, Flood, hail, lightning, Named Storm, smoke, tornado, vehicle impact, wind driven water and windstorm.

T.

LAW ENFORCEMENT DOGS AND HORSES – MORTALITY, THEFT AND LOSS OF USE

Animal means a dog or horse solely owned by the Member and used in the service of a law enforcement department or agency of the Member, excluding any puppies or foals within the covered dog or horse.

Humane destruction means the destruction of an Animal to prevent excessive continued suffering due to an incurable injury or terminal disease.

Mortality means death resulting directly or indirectly from accident, illness, or disease.

Theft has the meaning prescribed in the Texas Penal Code §31.03.

The Pool will pay the Member for losses resulting from the Mortality or Theft of an Animal up to the Limit of Liability shown on the CCD. If coverage is terminated, the coverage provided by the Pool will be extended to cover death which occurs within 30 days after the date of termination that is the result of an accident, illness, or disease that occurred and was reported by the Member during the Coverage Document Period.

- 1) The Pool will not provide coverage for a claim on an Animal that:
 - a. Suffered from an illness or injury within the 12 months before the Coverage Document Period that the Member did not report to the Pool;
 - b. Is not solely owned by the Member;
 - c. Is retired from active duty; or
 - d. Is eight years old or older.

The Pool's liability for a loss resulting from Theft of an Animal begins 90 days after the date the Member notifies the Pool of the Theft, provided that the Animal has not been recovered in that time. If an Animal has been recovered after a Theft, the Member must return any payment made by the Pool before the recovery.

- 2) Coverage is excluded for any loss resulting directly or indirectly from:
 - a. Surgical operations, administration of drugs, medication or inoculation,
 - b. unless it is performed by a licensed veterinarian and certified as required in an attempt to prevent death or humane destruction of an animal;
 - c. Mysterious disappearance or escape;

- d. Intentional destruction, except humane destruction or if the Pool agrees to the destruction;
 - e. Destruction as a result of governmental order, due to exposure to or contraction of any communicable disease;
 - f. Voluntary parting with the title or possession of the animal because of fraud, trick, or false pretense; or
 - g. Death of an animal boarded outside the United States and then returned to the United States within the six months preceding its death.
- 3) As a condition of coverage:
- a. The Member shall dispose of the remains of any animal at the Member expense.
 - b. In case of injury or illness to an animal, the Member must:
 - (i) Immediately notify the Pool;
 - (ii) Employ a licensed veterinarian, at the Member expense, to treat the animal; and
 - (iii) Secure proper care and, if required, allow the animal to be removed for treatment, at the Member expense.
 - c. If the animal dies or is stolen, the Member must:
 - i) Immediately notify the Pool, and in the case of theft, also the police, local animal control, and humane society.
 - ii) Give to the Pool, within 60 days, a copy of:
 - (a) The registration certificate or other proof of age;
 - (b) The postmortem examination report in the event of death; and
 - (c) A signed and sworn proof of loss.
- 4) Loss of Use: If a Member loses the use of an Animal, the Pool will pay the Member if the animal:
- a. Is injured by external, accidental, and violent means during the period this additional coverage is in effect;
 - b. Becomes totally and permanently unfit for its current use as a result of such injury; and

- c. Does not require destruction for humane reasons.

Coverage for loss of use is extended after the expiration of the Coverage Document Period to loss of use first occurring within 90 days after expiration, resulting from injury which occurs prior to expiration

5) As a condition of coverage:

- a. The Member must give the Pool immediate notice of any accident resulting in an injury which may give rise to a claim for loss of use.
- b. Within 14 days of such accident, the Member must provide a full veterinary report by a qualified Veterinary Surgeon, which will include:
 - i) A description of the injury suffered;
 - ii) The treatment rendered; and
 - iii) The opinion of the Veterinary Surgeon as to the animal's fitness for its current use.

U. MISCELLANEOUS UNNAMED LOCATIONS

This Coverage Document covers the Member's interest in covered property within the Coverage Territory which is not specifically on file, identified, or scheduled, except for property that is waterborne.

This provision does not cover any property covered or excluded under any other provision of this Coverage Document.

V. MOBILE MEDICAL EQUIPMENT

This Coverage Document covers physical loss or damage to medical equipment contained in mobile medical care vans, ambulances, mobile MRI, CAT scan or other similar mobile units owned or operated by the Member.

W. PROPERTY IN THE COURSE OF CONSTRUCTION AND SOFT COSTS

This Coverage Document covers projects in the course of construction, at scheduled and non-scheduled Locations, subject to the sublimit in the Limits of Liability.

This additional coverage also covers the reasonable and necessary Soft Costs incurred by the Member during the period of recovery and directly caused by physical loss or damage of the type covered against to covered real or personal property in the course of construction, including those at new sites and non-

scheduled Locations subject to the total project value not to exceed the sublimit in the Limits of Liability.

This coverage will apply until the Location is bound by the Pool.

Soft Costs means:

- 1) Interest expense;
- 2) General overhead-developer expenses and additional real estate taxes;
- 3) Legal or professional fees;
- 4) Marketing expenses and advertising expenses;
- 5) Debt service payments and coverage Contributions;
- 6) Refinancing charges and bond interest;
- 7) Founders fees and miscellaneous operating expenses.

X. PROTECTION AND PRESERVATION OF PROPERTY

This Coverage Document covers:

- 1) Reasonable and necessary costs, as specified below, incurred for actions to temporarily protect or preserve covered property, provided actions that are necessary due to actual covered physical loss or damage or to prevent immediately impending covered physical loss or damage.
- 2) Subject to the deductible provisions that would have applied had physical loss or damage occurred to covered property, this additional coverage covers the reasonable and necessary costs incurred for:
 - a. Fire department fire-fighting charges imposed as a result of responding to a fire in, on or exposing covered property;
 - b. Restoring and recharging fire protection systems following a covered loss; and
 - c. The water used for fighting a fire in, on or exposing covered property.

Y. SERVICE INTERRUPTION PROPERTY DAMAGE

- 1) This Coverage Document covers physical loss or damage to covered property at a Covered Location when the physical loss or damage results from the interruption of the following incoming or outgoing services: electricity, telecommunications, gas, fuel, steam, water, refrigeration, or sewerage

because of physical loss or damage to the service suppliers facilities if it is the type covered against for a Member's covered real and personal property located within the Coverage Territory and the physical loss or damage immediately prevents in whole or in part the delivery of service.

- 2) This additional coverage will apply when the Period of Service Interruption exceeds the Waiting Period in Section A.
 - a. As a condition of coverage, the Member must immediately notify the service supplier of any interruption to service.
 - b. Coverage is excluded if the interruption of services is caused directly or indirectly by the failure of the Member to comply with the terms and conditions of any contracts the Member has for the supply of services.

Period of Service Interruption means the period starting at the time an interruption of specified services occurs and ending when, with due diligence and dispatch, the service could be wholly restored or the time the service was actually restored, whichever is earlier.

Z. TEMPORARY REMOVAL OF PROPERTY

- 1) When covered property is removed from a Covered Location to be repaired or serviced or to avoid threatened covered physical loss or damage, this Coverage Document covers the property:
 - a. At the Location to which the property has been moved; and
 - b. For physical loss or damage as provided at the Member Location from which the property was removed.
- 2) This additional coverage does not apply to property:
 - a. Covered, in whole or in part, elsewhere in this Coverage Document;
 - b. Covered, in whole or in part, by any other coverage; or
 - c. Removed for normal storage, processing or preparation for sale or delivery.

AA. TRANSIT

- 1) This Coverage Document covers personal property in transit in the Coverage Territory, except as specifically excluded provided that it is:
 - a. Owned by the Member;
 - b. Shipped to customers under F.O.B., C. & F. or similar terms and the

Member's contingent interest in the shipment is admitted;

- c. Owned by another and in the actual or constructive custody of the Member, to the extent of the Member interest or legal liability; or
- d. Owned by another if sold by the Member and the Member has agreed before the loss to insure the personal property during course of delivery.

2) This additional coverage excludes:

- a. Samples in the custody of salespeople or selling agents;
- b. Personal property covered under import or export ocean marine coverage;
Waterborne shipments, unless by inland water; or
by coastal shipments;
- c. Airborne shipments unless by regularly scheduled passenger airlines or air freight carriers;
- d. Property of others, including the Member's legal liability for it, hauled on vehicles owned, leased or operated by the Member when acting as a common or contract carrier;
- e. Any transporting vehicle; and
- f. Property shipped between continents, except by land or air between Europe and Asia.
- g. This additional coverage covers from the time the property leaves the original point of shipment for transit until the property arrives at its destination. Except that coverage on export shipments not covered under ocean cargo policies ends when the property is loaded on board overseas vessels or aircraft and coverage on import shipments not covered under ocean cargo policies begins after discharge from overseas vessels or aircraft.

3) This additional coverage covers:

- a. General average and salvage charges on shipments covered while waterborne; and
- b. Physical loss or damage caused by or resulting from:
 - i) Unintentional acceptance of fraudulent bills of lading, shipping or messenger receipts; or

- ii) Improper parties having gained possession of property through fraud or deceit.
- 4) Transit Exclusions: The exclusions in the Exclusion clause of this Section do not apply to Transit coverage except for: A.1) through A.4), B.1) through B.4), C.1), C.3), C.5), C.6), D.1) and D.2).
 - a. This additional coverage will not inure directly or indirectly to the benefit of any carrier or bailee.
 - b. As a condition of coverage, the Member may:
 - i) accept ordinary bills of lading used by carriers, released bills of lading, undervalued bills of lading, and shipping or messenger receipts;
 - ii) waive subrogation against railroads under sidetrack agreements; and
 - iii) not enter into any special agreement with carriers releasing them from their common law or statutory liability.

BB. VALUABLE PAPERS & RECORDS AND EDP DATA & MEDIA

- 1) This Coverage Document covers physical loss or damage to Valuable Papers & Records and EDP Data & Media in the Coverage Territory, including while in transit.

This additional coverage excludes loss or damage to currency, money or securities and property held as samples for sale or delivery after sale if the property cannot be replaced with other of like kind and quality, unless specifically declared to the Pool.

- 2) Valuable Papers & Records and EDP Data & Media Exclusions: The exclusions in the Exclusions provision of this Section do not apply to Valuable Papers & Records and EDP Data & Media coverage except for: A.1) and B.1) to B.4).

This Coverage Document does not cover:

- 3) Errors or omissions in processing, programming or copying unless physical damage not excluded by this Coverage Document results, limited to the resulting damage; or
- 4) Deterioration, inherent vice, vermin or wear and tear, all unless physical damage not excluded by this coverage results, limited to the resulting damage.

Valuable Papers & Records means written, printed or otherwise inscribed documents, securities, and records including but not limited to books, maps, films,

drawings, abstracts, evidence of debt, deeds, mortgages, mortgage files, manuscripts and micro or electronically/magnetically inscribed documents, excluding the monetary value of monies and securities.

EDP Data & Media means all forms of data, converted data, electronically converted data, programs, applications, instructions and media vehicles employed.

4. EXCLUSIONS

The following exclusions apply unless specifically stated elsewhere in this Coverage Document:

A. This Coverage Document excludes:

- 1) Indirect or remote loss or damage;
- 2) Interruption of business except to the extent provided by this coverage document;
- 3) Loss of market value or loss of use;
- 4) Loss or damage or deterioration arising from any delay;
- 5) Mysterious disappearance, loss or shortage disclosed on taking inventory for which the loss can be proven solely on the inventory records, or any unexplained loss;
- 6) Loss from enforcement of any law or ordinance:
 - a. Regulating the construction, repair, replacement, use or removal, including debris removal, of any property; or
 - b. Requiring the demolition of any property, including the cost in removing its debris; except as provided by the Debris Removal, Decontamination Costs and Demolition And Increased Cost of Construction coverage of the Property Damage Section;
- 7) Vandalism, sprinkler leakage, building glass breakage, water damage, theft or attempted theft when a building has been vacant for a period of more than 90 consecutive days before the loss or damage occurs, except when proper security and maintenance is provided. Buildings under construction or renovation shall not be considered vacant or unoccupied;
- 8) Loss from the accumulated effects of smog, smoke, vapor, liquid and dust; and
- 9) Damage resulting from lack of, faulty or inadequate maintenance.

- B. This Coverage Document excludes loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not Covered under this Coverage Document, contributing concurrently or in any other sequence to the loss:
- 1) Nuclear reaction or nuclear radiation or radioactive contamination. However:
 - a. If physical damage by fire or sprinkler leakage results, then only that resulting damage is Covered; but not including any loss or damage due to nuclear reaction, radiation or radioactive contamination.
 - b. This Coverage Document does cover physical damage directly caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Member Location, provided that on the date of loss, there is neither a nuclear reactor nor any new or used nuclear fuel on the Member Location.
 - 2) a. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by any:
 - (i) Government or sovereign power (de jure or de facto);
 - (ii) Military, naval or air force; or
 - (iii) Agent or authority of any party specified in (i) or (ii) above.
 - b. Discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.
 - c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an event.
 - d. Seizure or destruction under quarantine or custom regulation, or confiscation by order of any governmental or public authority.
 - e. Risks of contraband, or illegal transportation or trade.
 - 3) Except as provided in Section F, Crime Coverage, any dishonest act, including theft, committed alone or in collusion with others, at any time:
 - a. By a Member or any officer, or employee of a Member; or
 - b. By any proprietor, partner, director, trustee, or officer of any business or

entity (other than a common carrier) engaged by a Member to do anything in connection with property covered under this Coverage Document.

This Coverage Document covers acts of direct covered physical damage intentionally caused by an employee of a Member or any individual specified in b. above, and done without the knowledge of the Member, except loss by theft by any individual specified in a. or b. above.

4) Lack of the following services:

- a. Incoming or outgoing electricity, fuel, water, gas, steam, refrigerant;
- b. Incoming or outgoing sewerage;
- c. Incoming or outgoing telecommunications;

all when caused by an Occurrence off the Member Location, except as provided in Service Interruption in the Property Damage or Time Element Sections of this Coverage Document. Except when the lack of such a service directly causes physical damage covered by this Coverage Document on the Member Location, limited to the resulting damage that is covered.

C. This Coverage Document excludes the following, unless physical damage not excluded by this Coverage Document results, limited to the resulting damage that is covered:

- 1) Faulty workmanship, material, construction or design from any cause.
- 2) Loss or damage to stock or material attributable to manufacturing or processing operations while the stock or material is being processed, manufactured, tested, or otherwise worked on.
- 3) Deterioration, depletion, rust, corrosion or erosion, wear and tear, inherent vice or latent defect.
- 4) Settling, cracking, shrinking, bulging, or expansion of foundations (including any pedestal, pad, platform or other property supporting machinery), floors, pavements, walls, ceilings or roofs.
- 5) a. Changes of temperature damage (except to machinery or equipment); or
b. Changes in relative humidity damage;
all whether atmospheric or not.
- 6) Insect, animal or vermin damage.

D. This Coverage Document excludes the following unless directly resulting from

other physical damage not excluded by this Coverage Document:

- 1) Contamination including but not limited to the presence of Pollution or hazardous material; and
- 2) Shrinkage, changes in color, flavor, texture or finish.

E. This Coverage Document excludes the following unless directly resulting from the following causes of loss: fire, lightning, Earthquake, explosion, falling aircraft, Flood, smoke, vehicle impact, Named Storm, wind driven water, hail, windstorm, and tornado.

- 1) Any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility, including but not limited to Computer Virus. Computer Virus shall mean a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. Computer Virus includes but is not limited to 'Trojan Horses', 'worms', and 'time or logic bombs'.
- 2) Any corruption, destruction, distortion, erasure or other loss or damage to data, software, or any kind of programming or instruction set.
- 3) Loss of use or functionality whether partial or entire of data, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing liability or failure of the Insured to conduct business.

E. CYBER LIABILITY AND EXPENSE COVERAGE EXCLUSION

- 1) This Coverage Document does not provide coverage for any liability, loss, penalty or expense arising directly or indirectly from any Cyber Security Event.
- 2) For purposes of this exclusion the following definitions apply:

Computer System means computers and associated input and output devices, data storage devices, networking equipment and backup facilities:

- a. Operated by and either owned by or leased to any Member; or
- b. Operated by a third party service provider and used to provide hosted computer application services to the Member or for processing, maintaining, hosting or storing the Member's electronic data pursuant to a written contract with the Member for such services.

Cyber Security Event means:

- a. The actual or reasonably suspected theft, loss or unauthorized disclosure of or access to electronic Personal Information in the care, custody or control of the Member or for which the Member is legally responsible; or
- b. A violation or failure of the security of a Computer System, including but not limited to unauthorized access, unauthorized use, a denial of service attack or receipt or transmission of malicious code.

Personal Information means an individual's name in combination with one or more of the following:

- a. Information concerning the individual that constitutes "nonpublic personal information" as defined in the Gramm-Leach Bliley Act of 1999, as amended, and implementing regulations;
- b. Medical or health care information concerning the individual, including without limitation "protected health information" as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and implementing regulations;
- c. The individual's Social Security number, driver's license or state identification number, credit, debit, or other financial account numbers and associated security codes, access codes, passwords or personal identification numbers that allow access to the individual's financial account information; or
- d. Other nonpublic personally identifiable information, as protected under any local, state, federal or foreign law;

Provided, however, Personal Information does not include information that is lawfully available to the public, including without limitation information lawfully available from any Member or any local, state, federal or foreign governmental entity.

SECTION C TIME ELEMENT

Capitalized terms in this Section refer to the descriptions in the Time Element Coverage provision below.

1. LOSS COVERED

- A. This Coverage Document covers Time Element loss, as provided in the Time Element Coverage, directly resulting from covered physical loss or damage:

- 1) To property described elsewhere in this Coverage Document and not otherwise excluded by this Coverage Document or otherwise limited in the Time Element Coverage provision below;
 - 2) Used by the Member, or for which the Member has contracted use;
 - 3) Located at a Covered Location or in the case of personal property in the Coverage Territory;
 - 4) While in transit as provided by this Coverage Document; and
 - 5) During the Periods of Liability described in this Section.
- B. This Coverage Document covers Time Element loss only to the extent it cannot be reduced through:
- 1) The use of any property or service owned or controlled by the Member;
 - 2) The use of any property or service obtainable from other sources;
 - 3) Working extra time or overtime; or
 - 4) The use of inventory;
- at a Covered Location or at any other location.
- C. This Coverage Document covers expenses reasonably and necessarily incurred by the Member to reduce the loss otherwise payable under this Section, not to exceed the amount by which the loss has been reduced.
- D. Except for Leasehold Interest, in determining the amount of loss payable, the Pool will consider the experience of the Member before and after and the probable experience during the Period of Liability.

2. TIME ELEMENT COVERAGE

A. GROSS EARNINGS

- 1) Measurement of Loss:
 - a. The recoverable Gross Earnings loss is the actual loss sustained by the Member of the following during the Period of Liability:
 - i) Gross Earnings, including Ordinary Payroll;

- ii) Less all charges and expenses that do not necessarily continue during the interruption of production or suspension of business operations or services;
 - iii) Plus all other earnings derived from the operation of the business.
- b. In determining the amount payable as the actual loss sustained, the Pool will consider the continuation of only those normal charges and expenses that the amount payable would have been earned had no interruption of production or suspension of business operations or services occurred.
- c. There is recovery under this coverage only to the extent that the Member is:
 - i) Wholly or partially prevented from producing goods or continuing business operations or services;
 - ii) Unable to make up lost production within a reasonable period of time, not limited to the period during which production is interrupted;
 - iii) Unable to continue such operations or services during the Period of Liability; and
 - iv) Able to demonstrate a loss of sales for the services or production prevented.

2) Definitions.

Gross Earnings means:

- a. For manufacturing operations: the net sales value of production less the cost of all raw stock, materials and supplies used in such production; or
- b. For mercantile or non-manufacturing operations: the total net sales less cost of merchandise sold, materials and supplies consumed in the operations or services rendered by the Member.

Any amount recovered under property damage coverage at selling price for loss or damage to merchandise will be considered to have been sold to the Member's regular customers and will be credited against net sales.

Ordinary Payroll includes the Member payroll for all employees except officers, executives, department managers, and employees under contract. It is comprised of, but not limited to, the payroll, benefits paid for the payroll, social security (FICA, union dues paid for the payroll, and workers compensation paid for the payroll.

B. EXTRA EXPENSE

1) Measurement of Loss:

The recoverable Extra Expense loss will be the reasonable and necessary extra costs incurred by the Member of the following during the Period of Liability:

- a. Extra expenses to temporarily continue as nearly normal as practicable the conduct of the Member business in the conditions that would have existed had no physical loss or damage occurred;
- b. Plus extra costs of temporarily using property or facilities of the Member or others;
- c. Less any value remaining at the end of the Period of Liability for property obtained in connection with the above.

2) For an Extra Expense loss, the following are excluded:

- a. Any loss of income.
- b. Costs that normally would have been incurred in conducting the business during the same period had no physical loss or damage occurred.
- c. Cost of permanent repair or replacement of property that has been damaged or destroyed.
- d. Any expense recoverable elsewhere in this Coverage Document.

C. LEASEHOLD INTEREST

1) Measurement of Loss:

The recoverable Leasehold Interest loss is as follows:

- a. If the lease agreement requires continuation of rent, and if the property is wholly untenantable or unusable, the actual rent payable for the unexpired term of the lease; or if the property is partially untenantable or unusable, the proportion of the rent payable for the unexpired term of the lease.
- b. If the lease is canceled by the lessor pursuant to the lease agreement or by the operation of law, the Lease Interest for the first three months following the loss and the Net Lease Interest for the remaining unexpired term of the lease.

2) Definitions.

- a. Lease Interest means the excess rent paid for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Member's lease.
 - b. Net Lease Interest means that sum which placed at three percent interest rate compounded annually would equal the Lease Interest (less any amounts otherwise payable hereunder).
- 3) Leasehold Interest Exclusions: For a Leasehold Interest loss, the Time Element Exclusions below do not apply and the following exclusions apply instead:

This Coverage Document does not cover any increase in loss resulting from the suspension, lapse or cancellation of any lease, or from the Member exercising an option to cancel the lease, or from any act or omission of the Member that constitutes a default under the lease.

In addition, there is no coverage for the Member's loss of Leasehold Interest directly resulting from damage to personal property.

D. LOSS OF RENTS

Measurement of Loss:

- 1) The recoverable Loss of Rents loss is the actual loss sustained by the Member, excluding non-continuing charges and expenses, of the following during the Period of Liability:
- a. The fair rental value of any portion of the property occupied by the Member;
 - b. The income reasonably expected from rentals of unoccupied or unrented portions of the property; and
 - c. The rental income from the rented portions of the property according to bona fide leases, contracts or agreements in force at the time of loss.
- 2) Loss of Rents Exclusions: For a Loss of Rents loss, Time Element Exclusion A below does not apply and the following applies instead:

This Coverage Document does not cover any loss of rental income during any period in which the Member's property would not have been tenantable for any reason other than a covered loss.

E. CONTINGENT TAX REVENUE INTERRUPTION (EXCLUDING EARTHQUAKE, NAMED STORM, AND FLOOD.

This Coverage Document covers against loss resulting directly from necessary interruption of sales, property or other tax revenue collected by or due the Member caused by damage or destruction by a peril not excluded from this Coverage Document to property which is not operated by the Member and which wholly or partially prevents the generation of revenue for the account of the Member.

- 1) In the event of such damage or destruction, the Pool will provide coverage, with limitations as indicated, if the following conditions are both met:
 - a. The Member's total revenue is reduced to less than 97.5% of the Member anticipated revenue had no loss occurred; and
 - b. The Member's actual loss is limited to the length of time that would be required with exercise of due diligence and dispatch to rebuild, replace or repair the contributing property beginning on the date of damage to the contributing property, but not limited by the expiration date of this Coverage Document.

If the Member has reported Tax Revenue Interruption values for which Contribution has been charged, the Member's loss recovery after deductible is limited to the least of:

- a. The amount declared;
- b. The actual loss sustained; or
- c. The difference in amount between 97.5% of the anticipated revenue and the actual total revenue after the loss.

If the Member has not reported Tax Revenue Interruption values for which Contribution has been charged, the Member's loss recovery after deductible is limited to the least of:

- a. The coverage sublimit; or
- b. The latest values for these items declared by the Member or USD \$100,000 per Occurrence if no values have been declared by the Member.

- 2) Deductible: Each loss or series of losses arising out of one event at each Location shall be adjusted separately and from the aggregated amount of all such losses 2.50% of the annual revenue value shall be deducted.

3. TIME ELEMENT COVERAGE EXTENSIONS

A. CONTINGENT BUSINESS INTERRUPTION

This Coverage Document covers the actual loss sustained and Extra Expense incurred by the Member during the Period of Liability directly resulting from covered physical loss or damage to covered property at direct supplier or customer Locations in the Coverage Territory.

The term supplier or customer does not include any entity supplying to or receiving from the Member Location electricity, fuel, gas, water, steam, refrigeration, sewage or telecommunications.

B. EXTENDED PERIOD OF INDEMNITY

The Gross Earnings and Loss of Rents are extended to cover the reduction in sales resulting from:

- 1) The interruption of business covered by Gross Earnings:
 - a. For the additional length of time required to exercise due diligence and dispatch to restore the Member's business to the condition that would have existed had no loss occurred; and
 - b. Beginning on the date on which the Pool's liability for loss resulting from interruption of business would terminate if this extension had not been included.
- 2) The loss or rental income or rental value as covered by Loss of Rents.

Extended Period of Indemnity Exclusions: As respects Extended Period of Indemnity, the Time Element Exclusion for increase in loss due to suspension, lapse of any lease, contract or license or order does not apply.

This Coverage Document does not cover any increase in loss due to fines or damages for breach of contract or for late or non-completion of orders, or penalties of any nature.

Coverage under this Extension for the reduction in sales due to contract cancellation is limited to only those sales that would have been earned under the contract during the extended period of indemnity.

Coverage under this extension does not apply for more than the number of consecutive days shown in the Limits of Liability provision in Section A.

C. INGRESS/EGRESS

This Coverage Document covers the actual loss sustained and Extra Expense incurred by the Member due to the necessary interruption of the Member's business due to prevention of ingress to or egress from a Covered Location, provided that such prevention is a direct result of covered physical damage to the kind of property not excluded by this Coverage Document located within five mile of the Member Location incurring loss.

Ingress/Egress Exclusions: As respects Ingress/Egress, the following exclusions are applicable:

This Coverage Document does not cover loss resulting from:

- 1) lack of incoming or outgoing service consisting of electric, fuel, gas, water, steam, refrigerant, sewerage and telecommunications.
- 2) picketing or other action by strikers except for physical damage not excluded by this Coverage Document.

This Coverage Document does not provide coverage under this extension for more than the number of consecutive days shown in the Limits of Liability provision in Section A.

D. INTERRUPTION BY CIVIL AUTHORITY

This Coverage Document covers the actual loss sustained and Extra Expense incurred by the Member during the Period of Liability when access to covered Locations is specifically prohibited by order of civil authority, provided such order is a direct result of actual loss or damage from a peril covered under this Coverage Document to property of the type covered against under this Coverage Document located within five miles of the Member Location to which access is prohibited.

All claims under this extension for loss, damage or expense arising out of one Occurrence shall be adjusted as one loss.

This Coverage Document does not provide coverage under this extension for more than the number of consecutive days shown in the Limits of Liability provision in Section A.

E. ON PREMISES SERVICES

This Coverage Document covers the actual loss sustained by the Member during the Period of Liability directly resulting from physical loss or damage of the type covered to the following property located on the Member premises:

- 1) Electrical and telecommunications equipment; and

- 2) Electrical, telecommunications, fuel, gas, water, steam, refrigeration and sewerage transmission lines.

F. PROTECTION AND PRESERVATION OF PROPERTY – TIME ELEMENT

This Coverage Document covers the actual loss sustained by the Member for a period of time not to exceed 24 hours before and 24 hours after the Member first taking reasonable action to temporarily protect and preserve property covered by this Coverage Document, if the action is necessary to prevent immediately impending physical loss or damage covered by this Coverage Document at the covered property.

This extension is subject to the deductible provisions that would have applied had the physical loss or damage occurred.

G. RELATED REPORTED VALUES

If reported Time Element Values include:

- 1) A Location used by the Member but not reported or listed on a schedule under this Coverage Document; and
 - a. A Time Element loss would result at a Location; and,
 - b. From covered physical loss or damage at a Covered Location;

then this Coverage Document provides coverage for the resulting Time Element loss in accordance with the coverage applicable at the Covered Location.

H. RESEARCH AND DEVELOPMENT

The Gross Earnings coverage is extended to cover the actual loss sustained by the Member for continuing fixed charges and Ordinary Payroll directly attributable to the interruption of research and development activities that in themselves would not have produced income during the Period of Liability.

The Period of Liability for this Time Element Coverage Extension will be the period from the time of direct physical loss or damage of the type covered by this Coverage Document to the time when the property could be repaired or replaced and made ready for operations under the same or equivalent physical and operating conditions that existed prior to damage.

I. SERVICE INTERRUPTION TIME ELEMENT

- 1) This Coverage Document covers the actual loss sustained and Extra Expense incurred by the Member during the Period of Service Interruption at Covered Locations when the loss is caused by the interruption of incoming or

outgoing services consisting of electricity, gas, fuel, steam, water, refrigeration or from the lack of incoming or outgoing sewerage service by reason of physical loss or damage of the type covered against to real and personal property of the type covered to the facilities of the utility supplier (excluding overhead transmission and distribution lines located more than 1,000 feet from a Covered Location) of service located in the Coverage Territory, that immediately prevents in whole or in part the delivery of usable services.

- 2) This extension will apply when the Period of Service Interruption is in excess of the time shown as Waiting Period in Section A.
- 3) As a condition of coverage:
 - a. The Member must immediately notify the suppliers of services of any interruption of services.
 - b. Coverage is excluded if the interruption of services is caused directly or indirectly by the failure of the Member to comply with the terms and conditions of any contracts the Member has for the supply of services.
- 4) **Period of Service Interruption** means the period starting at the time an interruption of specified services occurs and ending when, with due diligence and dispatch, the service could be wholly restored and the Location receiving the service could or would have resumed normal operations following the restorations of service under the same or equivalent physical and operating conditions as provided by the Period of Liability provision of this Section, limited to only those hours during which the Member would or could have used service if it had been available.

4. PERIOD OF LIABILITY

- A. The Period of Liability applying to all Time Element Coverage, except Gross Profit and Leasehold Interest, or as otherwise provided under the Time Element Coverage Extensions, is as follows:
 - 1) For building and equipment, the period, not to be limited by the expiration of this Coverage Document:
 - a. Starting from the time of physical loss or damage of the type covered against; and
 - b. Ending when with due diligence and dispatch the building and equipment could be:
 - i) Repaired or replaced; and
 - ii) Made ready for operations;

under the same or equivalent physical and operating conditions that existed before the damage.

- 2) For building and equipment under construction:
 - a. The equivalent of the above period of time applied to the level of business that would have been reasonably achieved after construction and startup would have been completed had no physical damage occurred; and
 - b. Considering the actual experience of the business compiled after completion of the construction and startup.
- 3) For stock-in-process and mercantile stock, including finished goods not manufactured by the Member, the time required with the exercise of due diligence and dispatch:
 - a. To restore stock in process to the same state of manufacture in which it stood at the beginning of the interruption of production or suspension of business operations or services; and
 - b. To replace physically damaged mercantile stock.

This provision does not apply to Loss of Rents.

- 4) For raw materials and supplies, the period of time:
 - a. of actual interruption of production or suspension of operations or services resulting from the inability to get suitable raw materials and supplies to replace similar ones damaged; but
 - b. Limited to that period for which the damaged raw material and supplies would have supplied operating needs.

- 5) If water:
 - a. Used for any manufacturing purpose, including but not limited to as a raw material or for power;
 - b. Stored behind dams or in reservoirs; and
 - c. On any Covered Location;

is released as the result of physical damage of the type covered against under this Coverage Document to such dam, reservoir or connected equipment, coverage due to inadequate water supply is limited to 30 consecutive days after the damaged dam, reservoir or connected equipment has been repaired or replaced.

This provision does not apply to Loss of Rents.

- 6) For physically damaged exposed film, records, manuscripts and drawings, the time required to copy from backups or from originals of a previous generation. This time does not include research, engineering or any other time necessary to restore or recreate lost information.

This provision does not apply to Loss of Rents.

- 7) For physically damaged or destroyed data, programs or other software stored on electronic, electro-mechanical, electro-magnetic data processing or production equipment, the time to recreate or restore including the time for researching or engineering lost information.

This item does not apply to Loss of Rents.

If an order of civil authority prohibits access to the Member Location and the order is the direct result of physical damage of the type covered against under this Coverage Document at the Covered Location or within five miles of it, the period of time starting at the time of physical damage, not to exceed the Time Limit provision in Limits of Liability.

- B. The Period of Liability does not include any additional time due to the Member's inability to resume operations for any reason, including:

- 1) Making changes to equipment;
- 2) Making changes to the buildings or structures, except as provided in the Demolition and Increased Cost of Construction provisions; or
- 3) Restaffing or retraining employees.

If two or more Periods of Liability apply, the periods will not be cumulative.

5. TIME ELEMENT EXCLUSIONS

In addition to exclusion elsewhere in this Coverage Document, the following exclusions apply to Time Element loss:

This Coverage Document does not cover:

- A. Any loss during an idle period, including when production, operation, service or delivery or receipt of goods would cease, or would not have taken place or would have been prevented due to:
 - 1) Physical loss or damage not covered by this Coverage Document on or off of the Member Location;

- 2) Planned or rescheduled shutdown;
- 3) Strikes or other work stoppage; or
- 4) Any other reason other than physical loss or damage covered by this Coverage Document.

B. Any increase in loss due to:

- 1) Suspension, cancellation or lapse of any lease, contract, license or orders;
- 2) Fines or damages for breach of contract or for late or non-completion of orders;
- 3) For penalties of any nature; or
- 4) Any other consequential or remote loss.

C. Any loss resulting from loss or damage to finished goods manufactured by the Member, nor the time required for their reproduction.

SECTION D EQUIPMENT BREAKDOWN

1. BREAKDOWN IS A COVERED PERIL ON COVERED EQUIPMENT.

2. COVERED EQUIPMENT:

A. **Covered Equipment** means:

- 1) Equipment built to operate under internal pressure or vacuum other than weight of contents;
- 2) Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy; and
- 3) Communication equipment and computer equipment.

B. Covered Equipment excludes:

- 1) Media;
- 2) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;

- 3) Insulating or refractory material, except the glass lining of any Covered Equipment;
- 4) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers code or another appropriate and approved code;
- 5) Catalyst;
- 6) Vessels, piping and other equipment that is buried below ground and requires the excavation of materials to inspect, remove, repair or replace;
- 7) Structure, foundation, cabinet or compartment supporting or containing the Covered Equipment or part of the Covered Equipment including penstock, draft tube or well casing;
- 8) Vehicle, aircraft (aircraft includes but is not limited to any aerial vehicle that is not controlled by a person from within or on the aerial vehicle), self-propelled equipment or floating vessel including any Covered Equipment that is mounted upon or used solely with any one or more vehicle, aircraft, self-propelled equipment or floating vessel;
- 9) Dragline, excavation, or construction equipment including any Covered Equipment that is mounted upon or used solely with any one or more dragline(s), excavation, or construction equipment;
- 10) Felt, wire screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement; and
- 11) Equipment or any part of such equipment manufactured by the Member for sale.

3. BREAKDOWN

A. **Breakdown** means the direct physical loss, unless the loss or damage is otherwise excluded in the Coverage Document, resulting from one or more of the following items that causes damage to Covered Equipment and necessitates its repair or replacement:

- 1) Failure of pressure or vacuum equipment;
- 2) Mechanical failure including rupture or bursting caused by centrifugal force;
- 3) Electrical failure including arcing;
- 4) Explosion of steam boilers, steam piping, steam engines or steam turbines

owned or leased by you, or operated under your control;

- 5) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
- 6) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

B. Breakdown excludes:

- 1) Malfunction including adjustment, alignment, calibration, cleaning or modification;
- 2) Defects, erasures, errors, limitations or viruses in Computer Equipment and programs including the inability to recognize and process any date or time or provide instructions to Covered Equipment;
- 3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- 4) Damage to any vacuum tube, gas tube, or brush;
- 5) Damage to any structure or foundation supporting the Covered Equipment or any of its parts;
- 6) The functioning of any safety or protective device; or
- 7) The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.

4. LIMIT OF LIABILITY:

The Pool will pay up to \$25,000,000 for loss or damage from any One Breakdown. The following sublimits apply unless a higher limit or "Included" is shown on the CCD. Unless indicated on this table, the most the Pool will pay for damage as a direct result of a Breakdown to Covered Equipment is \$50,000. The limits for coverage extensions are part of, not in addition to, the Limit of Liability for Equipment Breakdown shown in the sublimits.

Equipment Breakdown, including	\$25,000,000
Spoilage	\$250,000
Service Interruption	\$1,000,000
Business Income	Included
Extra Expense	\$500,000
Expediting Expense	\$250,000
Hazardous Substance	\$125,000

Ammonia Contamination	\$125,000
Data & Media	\$1,000,000
CFC Refrigerants	\$100,000
Computer Equipment	Included
Water Damage	\$50,000
Consequential Loss	\$50,000

5. EQUIPMENT BREAKDOWN COVERAGE EXTENSIONS

A. Spoilage:

- 1) The Pool will pay for the spoilage damage to raw materials, property in process or finished products, provided all of the following conditions are met:
 - a. The raw materials, property in process or finished products must be in storage or in the course of being manufactured;
 - b. The Member must own or be legally liable under written contract for the raw materials, property in process or finished products; and
 - c. The spoilage damage must be due to the lack or excess of power, light, heat, steam or refrigeration.
- 2) The Pool will also pay any necessary expenses the Member incurs to reduce the amount of loss under this coverage not to exceed the amount of loss that otherwise would have been payable under the Coverage Document.

B. Service Interruption:

The Pool will pay for loss resulting from the interruption of utility services provided all of the following conditions are met:

- 1) The interruption is the direct result of a Breakdown to Covered Equipment owned, operated or controlled by the local private or public utility or distributor that directly generates, transmits, distributes or provides utility services which the Member receives;
- 2) The Covered Equipment is used to supply electric power, communication services, air conditioning, heating, gas, sewer, water or steam to the Member premises; and
- 3) The interruption of utility service to the Member premises lasts at least the consecutive period of time shown in the Waiting Period provision of Section A. Once this waiting period is met, coverage will begin at the initial time of the interruption and is subject to all applicable deductibles.

C. Business Income:

- 1) The Pool will pay the Member actual loss of business income that results directly from the necessary total or partial interruption of the Member business caused by a Breakdown.
- 2) The Pool will also pay any necessary expenses the Member incurs to reduce the amount of loss under this coverage not to exceed the amount of loss that otherwise would have been payable under the Coverage Document.
- 3) The Pool will consider the actual experience of the Member's business before the loss or damage and the probable experience the Member would have had without the loss or damage in determining the amount of its payment.
- 4) This coverage continues until the date the damaged property is repaired or replaced.

D. Expediting Costs:

The Pool will pay the reasonable and necessary costs incurred to pay for the temporary repair of covered damage to covered property and to expedite the permanent repair or replacement of such damaged property caused by a Breakdown.

This coverage extension does not cover costs:

- 1) Recoverable elsewhere in this Coverage Document; or
- 2) Of permanent repair or replacement of damaged property.

E. Hazardous Substance:

The Pool will pay any Additional Expenses incurred by the Member for the clean-up, repair or replacement or disposal of Covered Property that is damaged, contaminated or polluted by a Hazardous Substance caused by a Breakdown.

As used here, **Additional Expenses** mean the additional cost incurred over and above the amount that the Pool would have paid had no Hazardous Substance been involved with the loss.

F. Ammonia Contamination:

The Pool will pay the spoilage to covered property contaminated by ammonia, including any salvage expense caused by a Breakdown.

G. Water Damage:

The Pool will pay for the damage to covered property by water including any

salvage expenses caused by a Breakdown, except no coverage applies to damage resulting from leakage of a sprinkler system or domestic water piping.

H. Consequential Loss:

The Pool will pay the reduction in the value of undamaged Stock parts of a product which becomes unmarketable. The reduction in value must be caused by a physical loss or damage to another part of the product.

I. Data & Media:

The Pool will pay the Member cost to research, replace or restore damaged Data or Media including the cost to reprogram instructions used in any Computer Equipment if the loss is caused by a Breakdown.

J. CFC Refrigerants:

The Pool will pay for the additional cost to repair or replace covered property because of the use or presence of a refrigerant containing CFC (chlorinated fluorocarbon) substances if the loss is caused by a Breakdown. This means the additional expense to do the least expensive of the following:

- 1) Repair the damaged property and replace any lost CFC refrigerant;
- 2) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
- 3) Replace the system with one using a non-CFC refrigerant.

K. Computer Equipment:

The Pool will pay for direct damage to Computer Equipment that is damaged by a Breakdown to the equipment.

6. DEFINITIONS RELATING ONLY TO THIS SECTION

A. **Computer Equipment** means covered property that is electronic computer or other electronic Data processing equipment, including Media and peripherals used in conjunction with such equipment.

B. **Data** means

- 1) Programmed and recorded material stored on Media; and
- 2) Programming records used for electronic Data processing, or electronically controlled equipment.

- C. **Hazardous Substance** means any substance other than ammonia that has been declared to be hazardous to health by a government agency.
- D. **Media** means all forms of electronic, magnetic and optical tapes and discs for use in any electronic computer or electronic Data processing equipment.
- E. **One Breakdown** means if an initial Breakdown causes other Breakdowns, all will be considered One Breakdown. All Breakdowns at any one premise that manifest themselves at the same time and are the direct result of the same cause will be considered One Breakdown.
- F. **Stock** means merchandise held in storage or for sale, raw materials, property in process or finished products including supplies used in their packing or shipping.

SECTION E LOSS ADJUSTMENT AND SETTLEMENT

1. LOSS ADJUSTMENT/PAYABLE

Loss, if any, will be adjusted with and payable to the Member or as may be directed by the Member. Additional covered interests will also be included in loss payment as their interests may appear when named as additional Member, lender, mortgagee and/or loss payee in the Certificates of Coverage on file with the Pool or named below.

2. CURRENCY FOR LOSS PAYMENT

Losses will be adjusted and paid in the currency of the United States of America.

3. VALUATION

Adjustment of the physical damage loss amount under this Coverage Document will be computed as of the date of loss at the Location of the loss, and for no more than the interest of the Member, subject to the following:

- A. On stock in process, the value of raw materials and labor expended plus the proper proportion of overhead charges.
- B. On finished goods manufactured by the Member, the regular cash selling price at the Location where the loss happens, less all discounts and charges to which the finished goods would have been subject had no loss happened.
- C. On raw materials, supplies and other merchandise not manufactured by the Member:
 - 1) If repaired or replaced, the actual expenditure incurred in repairing or replacing the damaged or destroyed property; or

2) If not repaired or replaced, the Actual Cash Value.

D. On property covered under Deferred Payments, the lesser of the:

- 1) Total amount of unpaid installments less finance charges;
- 2) Actual Cash Value of the property at the time of loss; or
- 3) Cost to repair or replace with material of like size, kind and quality.

E. On Fine Arts articles, the lesser of:

- 1) The reasonable and necessary cost to repair or restore such property to the physical condition that existed on the date of loss;
- 2) Cost to replace the article; or
- 3) The value, if any, stated on a schedule on file with the Pool.

In the event a Fine Arts article is part of a pair or set, and a physically damaged article cannot be replaced, or repaired or restored to the condition that existed immediately prior to the loss, the Pool will be liable for the lesser of the full value of the pair or set or the amount designated on the schedule. The Member agrees to surrender the pair or set to the Pool.

F. On VALUABLE PAPERS & RECORDS AND EDP DATA & MEDIA:

On data, programs or software stored on electronic, electro-mechanical, or electro-magnetic data processing or production equipment:

- 1) The cost to repair, replace or restore data, programs or software including the costs to recreate, research and engineer; or
- 2) If not repaired, replaced or restored within two years from the date of loss, the blank value of the media.

G. On all other Valuable Papers & Records and EDP Data & Media, the lesser of:

- 1) The cost to repair or restore, including the cost to recreate, research and engineer the item to the condition that existed immediately prior to the loss;
- 2) The cost to replace the item; or
- 3) The amount designated for the item on a schedule on file with the Pool.

H. On Mobile Equipment and watercraft (including trailer) less than 27 feet in length, the lesser of the following at the time of the loss:

- 1) The cost to repair;
 - 2) The cost to replace the property with new equipment of like kind and quality at the time of loss, if less than or equal to two years of age;
 - a. The cost to repair or replace a trailer that is part of a covered watercraft will not exceed \$1500.
 - 3) The cost to replace the property with equipment of like kind and quality, with proper deduction for obsolescence and physical depreciation, if more than two years of age, but not more than the amount scheduled;
 - 4) If not repaired or replaced, the Actual Cash Value; or
 - 5) The scheduled value.
- I. On historical property, valuation will be based upon the following requirements:
- 1) The Member shall provide written notice to the Pool, which specifically identifies where the property is located, when it was built, its total square footage with an attached appraisal based upon reproduction value that was conducted within five years of the Effective Date of this Coverage Document.
 - 2) At the time of loss, the basis of valuation for historical property, when the Member has not complied, will be replacement cost. Where the Member has complied with the requirements, the basis of valuation will be Reproduction Cost or, if not replaced, at Actual Cash Value.

Reproduction Cost means the cost to repair, rebuild or replace with material of like, kind and quality compatible to those originally used, including the cost of skilled labor and authentic materials necessary to restore the property as nearly as possible to its original condition.

- J. On property in transit:
- 1) Property shipped to or for the account of the Member will be valued at actual invoice to the Member, plus accrued costs and charges legally due and the Member commission as selling agent.
 - 2) Property sold by the Member and shipped to or for the purchaser's account will be valued at the Member selling invoice amount plus Prepaid or advanced freight costs.
 - 3) Property not under invoice will be valued:
 - a. For property of the Member, at the valuation provisions of this Coverage Document applying at the Location from which the property is being

transported; or

- b. For other property, at the actual cash market value at the destination point on the date of Occurrence;

less any charges saved that would have become due and payable upon arrival at destination.

K. On all other property, the loss amount will not exceed the lesser of:

- 1) The cost to repair;
- 2) The cost to rebuild or replace on the same site with new materials of like size, kind and quality;
- 3) The cost in rebuilding, repairing or replacing on the same or another site, but not to exceed the size and operating capacity that existed on the date of loss;
- 4) The selling price of real property or machinery and equipment, other than stock, offered for sale on the date of loss;
- 5) The cost to replace unrepairable electrical or mechanical equipment, including computer equipment, with equipment that is the most functionally equivalent to that damaged or destroyed, even if such equipment has technological advantages or represents an improvement in function and/or forms part of a program of system enhancement;
- 6) The increased cost of demolition, if any, resulting from loss covered by this Coverage Document, if the property is scheduled for demolition;
- 7) The unamortized value of improvements and betterments, if the property is not repaired or replaced at the Member's expense; or
- 8) The Actual Cash Value if the property is:
 - a. Useless to the Member; or
 - b. Not repaired, replaced or rebuilt on the same or another site within two years from the date of loss.

The Member may elect not to repair or replace the Member's real or personal property lost, damaged or destroyed. The Member may elect loss settlement on the lesser of repair or replacement cost basis if the proceeds of the loss settlement are expended on other capital expenditures related to the Member's operations within two years from the date of loss. As a condition of collecting under this provision, expenditure must be unplanned as of the date of loss and be made at a Covered Location under this Coverage Document.

This provision does not extend to Demolition and Increased Cost of Construction.

4. LOSS CONDITIONS

A. REQUIREMENTS IN CASE OF LOSS

The Member must:

- 1) Give written notice to the Pool of any loss as soon as practicable;
- 2) Protect the property from further loss or damage;
- 3) Promptly separate the damaged and undamaged property; put it in the best possible order, and furnish a complete inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, Actual Cash Value, replacement value and amount of loss claimed;
- 4) Give a signed and sworn proof of loss to the Pool within 90 days after the loss, unless that time is extended in writing by the Pool, stating the knowledge and belief of the Member as to:
 - a. The time and origin of the loss;
 - b. The Member interest and that of all others in the property;
 - c. The Actual Cash Value and replacement value of each item and the amount of loss to each item, all encumbrances, and all other contracts of coverage, whether valid or not, covering any of the property;
 - d. Any changes in the title, use, occupation, Location, possession or exposures of the property since the effective date of this Coverage Document; and
 - e. By whom and for what purpose any Location covered by this Coverage Document was occupied on the date of loss, and whether or not it then stood on leased ground;
- 5) Include a copy of all the descriptions and schedules in all policies and, if required, provide verified plans and specifications of any buildings, fixtures, machinery or equipment destroyed or damaged; and
- 6) As often as may be reasonably required by the Pool:
 - a. Exhibit to any person designated by the Pool all that remains of any property;

- b. Submit to examinations under oath by any person designated by the Pool and sign the written records of examinations; and
- c. Produce for examination at the request of the Pool at such reasonable times and places that may be designated by the Pool or its representative and permit extracts and machine copies to be made:
 - i) All books of accounts, business records, bills, invoices and other vouchers; or
 - ii) Certified copies if originals are lost.

B. POOL OPTION

The Pool has the option to take all or any part of damaged property at the agreed or appraised value. The Pool must give notice to the Member of its intention to do so not later than 30 days after receipt of proof of loss.

C. ABANDONMENT

The Member may not abandon any property to the Pool.

D. SUBROGATION

The Member is required to cooperate in any subrogation proceedings. The Pool may require from the Member an assignment or other transfer of all rights of recovery against any party for loss to the extent of the Pool payment.

Any recovery from subrogation proceedings, less costs incurred by the Pool in such proceedings, will be payable to the Member in the proportion that the amount of the following bears to the entire provable loss amount:

- 1) Any applicable deductible; and
- 2) Any provable uncovered loss.

E. APPRAISAL

The appraisal process is available to determine the value of a covered loss, but is not available to determine whether a loss is covered. If the Member and the Pool fail to agree on the amount of loss, each will, on the written demand of either, select a competent and disinterested appraiser, but only after:

- 1) The Member has fully complied with all provisions of this Coverage Document, including Requirements In Case of Loss; and
- 2) The Pool has received a signed and sworn proof of loss from the Member.

Each will notify the other of the appraiser selected within 30 days of the demand.

The appraisers will first select a competent and disinterested umpire. If the appraisers fail to agree upon an umpire within 30 days after their selection, the Member and the Pool shall jointly move to have an umpire selected by a judge of a court of record in the jurisdiction in which the appraisal is pending. The appraisers will then identify each item of physical damage or loss and appraise the amount of loss. The appraisal shall include a detailed breakdown of the costs necessary to repair or replace the item, and will state separately the Actual Cash Value and replacement cost value as of the date of loss and the amount of loss, for each item of physical loss or damage or if, for Time Element loss, the amount of loss for each Time Element coverage of this Coverage Document.

If the appraisers fail to agree, they will submit their differences to the umpire. The umpire will review the appraisals prepared by the appraisers selected by the Member and the Pool and will inspect the property prior to preparing his appraisal. The appraisers for the Member and the Pool will be afforded the opportunity to attend the umpire's inspection of the property and provide sufficient input to allow the umpire to understand the nature and reasons for the differences between the appraisals. After inspecting the property and receiving input from the appraisers, the umpire will identify each item of physical loss or damage and shall appraise the amount of the loss for each item. The umpire's appraisal will include a detailed breakdown of the costs necessary to repair or replace the item and state separately the Actual Cash Value and replacement cost value as of the date of the loss. An award agreed to in writing by any two of the three appraisers will determine the amount of loss. The appraisal award is subject to all terms of the Coverage Document, and may be reduced by the application of a deductible.

The Member and the Pool will each:

- 1) Pay its chosen appraiser; and
- 2) Bear equally the other expenses of the appraisal and umpire.

A demand for appraisal does not relieve the Member of its continuing obligation to comply with the terms and conditions of this Coverage Document, including the Requirements In Case of Loss.

The Pool does not waive any of its rights by any act relating to appraisal.

F. SUIT AGAINST THE POOL

No suit, action or proceeding for the recovery of any claim will be sustained in any court of law or equity unless the following adjudication procedures are satisfied:

- 1) As a condition precedent to filing suit, the Member has fully complied with all the provisions of this Coverage Document, including providing proof of loss;
- 2) As a condition precedent to filing suit, the Member must attend at least a one-day mediation before a mutually agreeable mediator, unless this provision is waived by both Member and the Pool in writing;
- 3) Any suit against the Pool arising from a claim or loss must be filed within 12 months of the date the Pool takes its final action with respect to the claim or loss. If under the coverage laws of the jurisdiction in which the property is located, such 12 months' limitation is invalid, then the legal action needs to be started within the shortest limit of time permitted by law.
- 4) Any suit, action or proceeding against the Pool must be brought in District Court in Travis County, Texas.

Nothing in this Coverage Document is intended to waive any immunity of either Member or the Pool.

5. SETTLEMENT OF CLAIMS

The amount of loss, except for Accounts Receivable coverage, for which the Pool may be liable will be paid after:

- A. Proof of loss is received by the Pool; and
- B. When a resolution of the amount of loss is made either by:
 - 1) Written agreement between the Member and the Pool; or
 - 2) The filing with the Pool of an award as provided in the Appraisal provisions of this Section.

6. COLLECTION FROM OTHERS

The Pool will not be liable for any loss to the extent that the Member has collected such loss from others.

7. PARTIAL PAYMENT OF LOSS SETTLEMENT

If a loss occurs that the Pool has determined is a covered loss or damage under this Coverage Document in excess of the applicable Coverage Document deductible, the Pool will advance mutually agreed upon partial payment on the Member loss or damage, subject to the Coverage Document's provisions. To obtain partial payments, the Member will submit a signed and sworn proof of loss with adequate supporting documentation.

8. JURISDICTION

This Coverage Document will be governed by United States of America Law. Any disputes arising hereunder will be exclusively subject to United States of America jurisdiction

SECTION F CRIME COVERAGE

Terms, conditions and definitions below may vary from the terms, conditions and definitions set forth in Sections A, B, C, D, E and G. To the extent terms and definitions between Sections A, B, C, D, E and G and this Section F, Crime Coverage, conflict, for purposes of a an act, event, or series of acts or events triggering Crime Coverage, the terms and definitions under Section F, Crime Coverage, control.

1. CRIME GENERAL PROVISIONS

A. GENERAL DEFINITIONS

1) **Employee** means:

- a. An appointed or elected official of a Member;
- b. Any natural person:
 - (i) While in the Member's service (and for 30 days after termination of service); and
 - (ii) Whom the Member compensates directly by salary, wages or commissions; and
 - (iii) Whom the Member has the right to direct and control while performing services for the Member; or
- c. Any natural person employed by an employment contractor while that person is subject to the Member's direction and control and performing services for the Member excluding, however, any such person while having care and custody of property outside the premises.
- d. Volunteers, but only while performing duties related to the conduct of the Member's business.

But Employee does not mean any:

- a. Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- b. Trustee except while performing acts coming within the scope of the usual duties of an Employee.

- 2) **Employee Dishonesty** means only dishonest acts committed by an Employee, whether identified or not, acting alone or in collusion with other persons, with the manifest intent to:
 - a. Cause the Member to sustain loss; and also
 - b. Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other Employee benefits earned in the normal cause of employment) for the employee or any person or organization other than the employing political subdivisions, intended by the Employee to receive that benefit.
- 3) **Money** means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and Money orders held for sale to the public.
4. **Property Other Than Money and Securities** means any tangible property other than Money and Securities that has intrinsic value but does not include any property listed in any Coverage as Property Not Covered.
5. **Securities** means negotiable and non-negotiable instruments or contracts representing either Money or other property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by the Member; but does not include Money.

B. GENERAL EXCLUSIONS

In addition to exclusions set forth in other Sections of this Coverage Document, the Pool will not pay for loss as specified below:

- 1) Indirect Loss: Loss that is an indirect result of any act or Occurrence covered by this Coverage Document including, but not limited to, loss resulting from:
 - a. The Member's inability to realize income that the Member would have realized had there been no loss of, or loss from damage to, Covered Property.

- b. Payment of damages of any type for which the Member is legally liable. But, the Pool will pay compensatory damages arising directly from a loss covered hereunder.
- c. Payment of costs, fees or other expenses the Member incurs in establishing either the existence or the amount of loss hereunder.

2) Legal Expenses: Expenses related to any legal action.

C. GENERAL CRIME CONDITIONS

- 1) Consolidation - Merger: If any additional persons become Employees after the inception date of this Coverage Document, any coverage afforded for Employees also applies to those additional Employees.
- 2) Discovery Period for Loss: The Pool will pay only for covered loss discovered no later than one year from the end of the policy period.
- 3) Joint Member
 - a. If more than one Member is named in the CCD, the first named Member will act for itself and for every other Member for all purposes of this coverage. If the first named Member ceases to be covered, then the next named Member will become the first named Member.
 - b. If any Member or official of that Member has knowledge of any information relevant to this coverage, that knowledge is considered knowledge of every Member.
 - c. An Employee of any Member is considered to be an Employee of every Member.
 - d. If this Coverage Document or any of its coverages are cancelled or terminated as to any Member, loss sustained by that Member is covered only if discovered no later than one year from the date of that cancellation or termination.
 - e. The Pool will not pay more for loss sustained by more than one Member than the amount the Pool would pay if all the loss had been sustained by one Member.

4) Loss Covered Under More Than One Coverage of This Coverage Document:

If two or more Coverages of this Coverage Document apply to the same loss, the Pool will pay the lesser of the actual amount of loss up to limit as stated on the CCD.

5) Loss Sustained During Prior Coverage or Insurance

a. If the Member, or any predecessor in interest, sustained loss during the period of any prior coverage that the Member or any predecessor in interest could have recovered under that coverage or insurance except that the time within which to discover loss had expired, the Pool will pay for it under this coverage, provided;

(i) This coverage became effective at the time of cancellation or termination of the prior coverage; and

(ii) This loss would have been covered by this coverage had it been in effect when the acts or events causing the loss were committed or occurred.

b. The coverage under this Condition is part of, not in addition to, the Limits of Liability applying to this coverage and is limited to the lesser of the amount recoverable under:

(i) This coverage as of its effective date; or

(ii) The prior coverage or insurance had it remained in effect.

6) Loss Covered Under This Coverage and Prior Coverage or Insurance Issued by the Pool or any Affiliate

If any loss is covered:

a. Partly by this coverage; and

b. Partly by any prior cancelled or terminated coverage or insurance that the Pool or any affiliate had issued to the Member or any predecessor in interest;

the most the Pool will pay is the larger of the amount recoverable under this coverage or the prior coverage or insurance.

7) Non-Cumulation of Limits of Liability

Regardless of the number of years this coverage remains in force or the number of Contributions paid, no Limits of Liability cumulates from year to year or period to period.

8) Other Coverage, Bonds or Insurance

This coverage does not apply to loss recoverable or recovered under other coverage, bonds, insurance or indemnity. However, if the limit of the other coverage, bonds, insurance or indemnity is insufficient to cover the entire

amount of the loss, this coverage will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other coverage, bonds, insurance or indemnity, but not for more than the Limits of Liability.

9) Recoveries

- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered hereunder will be distributed as follows:
 - (i) To the Member, until the Member is reimbursed for any loss that the Member sustains that exceeds the Limits of Liability and the deductible amount, if any;
 - (ii) Then to the Pool, until the Pool is reimbursed for the settlement made;
 - (iii) Then to the Member, until the Member is reimbursed for that part of the loss equal to the deductible amount, if any.
- b. Recoveries do not include any recovery;
 - (i) From insurance, suretyship, reinsurance, security or indemnity taken for the Pool's benefit; or
 - (ii) Of original Securities after duplicates of them have been issued.

10) Valuation – Settlement

- a. Subject to the applicable Limits of Liability provision, the Pool will pay for:
 - (i) Loss of Money but only up to and including its face value. The Pool may, at the Pool's option, pay for loss of Money issued by any country other than the United States of America:
 - (a) At face value in the Money issued by that country; or
 - (b) In the United States of America dollar equivalent on the day the loss was discovered.
 - (ii) Loss of Securities but only up to and including their value at the close of business on the day the loss was discovered. The Pool may, at the Pool's option:
 - (a) Pay the value of such Securities or replace them in kind, in which event the Member must assign to the Pool all the Member's rights, title and interest in and to those Securities;
 - (b) Pay the cost of any Lost Securities Bond required in connection

with issuing duplicates of the Securities. However, the Pool will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

1. Value of the Securities at the close of business on the day the loss was discovered; or
2. Limit of Liability.

2. COVERAGE PROVIDED

A. EMPLOYEE DISHONESTY COVERAGE

The Pool will pay for loss of and loss from damage to Covered Property resulting directly from the Covered Cause of Loss.

- 1) Covered Property: Money, Securities, and property other than Money and Securities.
- 2) Covered Cause of Loss:
 - a. Employee Dishonesty
 - b. Failure of any Employee to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of the Member's Covered Property, including inability to faithfully perform those duties because of a criminal act committed by a person other than an Employee.
- 3) Coverage Extension and Limitation

Employees Temporarily Outside Coverage Territory: The Pool will pay for loss caused by any Employee while temporarily outside the territory specified in the Territory General Condition for a period not more than 90 days.

4) Additional Exclusions, Conditions, and Definitions:

In addition, this Employee Dishonesty Coverage is subject to the following:

- a. Additional Exclusions: The Pool will not pay for loss or damages as specified below:
 - (i) Employee Cancelled Under Prior Coverage or Insurance: loss caused by any Employee for whom similar prior coverage or insurance has been cancelled and not reinstated since the last such cancellation.

(ii) Inventory Shortages: loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

(a) An inventory computation; or

(b) A profit and loss computation.

(iii) Damages: damages for which the Member is legally liable as a result of:

(a) The deprivation or violation of the civil rights of any person by an Employee; or

(b) The tortious conduct of an Employee, except conversion of property of other parties held by the Member in any capacity.

(iv) Depository Failure: Loss resulting from the failure of any entity acting as a depository for the Member's property or property for which the Member is responsible.

b. Additional Conditions:

(i) The Member must give the Pool notice as soon as possible of any loss of the type covered under this Coverage even though it falls entirely within the deductible amount.

(ii) Cancellation as to Any Employee:

This coverage is cancelled as to any Employee:

(a) Immediately upon discovery by the Member or any official or Employee authorized to manage, govern or control the Member's Employees, of any act on the part of an Employee whether before or after becoming employed by the Member which would constitute a loss covered under the terms of this Coverage.

(b) On the date specified in a notice mailed to the Member. That date will be at least 60 days after the date of mailing.

The mailing of notice to the Member at the last mailing address known to the Pool will be sufficient proof of notice. Delivery of notice is the same as mailing.

(iii) Sole Benefit: This coverage is for the Member's sole benefit. No legal proceeding of any kind to recover on account of loss under this coverage may be brought by anyone other than the Member.

- (iv) Indemnification: The Pool will indemnify any of the Member's officials who are required by law to give bonds for the faithful performance of their service against loss through the failure of any Employee under the supervision of that official to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of the Member's Covered Property, including inability to faithfully perform those duties because of a criminal act committed by a person other than an Employee.

c. Additional Definitions

- (i) **Occurrence** means all loss caused by, or involving, one or more Employees, whether the result of a single act or series of acts.

B. FORGERY OR ALTERATION COVERAGE

The Pool will pay for loss involving Covered Instruments resulting directly from the Covered Causes of Loss.

- 1) Covered Instruments: Checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in Money that are:
 - a. Made or drawn by or drawn upon the Member;
 - b. Made or drawn by one acting as the Member's agent; or
 - c. That are purported to have been so made or drawn.
- 2) Covered Causes of Loss: Forgery or alteration of, on or in any covered Instrument.
- 3) Coverage Extension

Legal Expenses: If the Member is sued for refusing to pay any Covered Instrument on the basis that it has been forged or altered, and the Member has the Pool's written consent to defend against the suit, the Pool will pay for any reasonable legal expenses that the Member incurs and pay in that defense. The amount the Pool will pay under this extension is in addition to the Limits of Liability applicable to this coverage.

4) Deductible

The Pool will not pay for loss in any one Occurrence unless the amount of loss exceeds the deductible amount shown in the CCD. The Pool will then pay the amount of loss in excess of the deductible amount, up to the Limits of Liability. This provision does not apply to legal expenses paid under the Coverage Extension.

5) Additional Exclusions, Conditions and Definitions

In addition to the provisions in the Crime General Provisions, this Coverage is also subject to the following:

a. Additional Exclusion

Acts of Employees, Directors, Trustees or Representatives: Loss resulting from any dishonest or criminal act committed by any of the Member's Employees, directors, trustees or authorized representatives

(i) Whether acting alone or in collusion with other persons; or

(ii) Whether while performing services for the Member or otherwise.

b. Additional Conditions

(i) Facsimile Signatures: The Pool will treat mechanically reproduced facsimile signatures the same as handwritten signatures.

(ii) General Amendment: As respects this Coverage, the words Covered Property in the Crime General Provisions mean Covered Instruments.

(iii) Proof of Loss: The Member must include with the Member's proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.

(iv) Territory: The Pool will cover loss the Member sustains anywhere in the world. The Territory General Condition does not apply to this Forgery or Alteration Coverage.

c. Additional Definition

Occurrence means all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.

C. THEFT, DISAPPEARANCE AND DESTRUCTION COVERAGE

The Pool will pay for loss of Covered Property resulting directly from the Coverage Causes of Loss.

1) Inside the Premises

a. Covered Property: Money and Securities inside the Premises or a Banking Premises

b. Covered Causes of Loss: Theft, Disappearance, Destruction

c. Coverage Extensions

- (i) Containers of Covered Property: The Pool will pay for loss of, and loss from damage to, a locked safe, vault, cash register, cash box or cash drawer located in the Premises resulting directly from an actual or attempted theft of or unlawful entry into those containers.
- (ii) Premises Damage: The Pool will pay for loss from damage to the Premises or its exterior resulting directly from an actual or attempted Theft of Covered Property if the Member is the owner of the Premises or is liable for damage to it.

2) Outside the Premises

- a. Covered Property: Money and Securities outside the Premises in the care and custody of a Messenger.
- b. Covered Causes of Loss: Theft, Disappearance, and Destruction

3) Coverage Extension

Conveyance of Property by Armored Motor Vehicle Company: The Pool will pay for loss of Covered Property resulting directly from the Covered Causes of Loss while outside the Premises in the care and custody of an armored motor vehicle company.

But, the Pool will pay only for the amount of loss that the Member cannot recover:

- a. Under the Member's contract with the armored motor vehicle company; and
- b. From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

4) Additional Exclusions, Conditions and Definitions

In addition to the provisions in the Crime General Provisions, this Theft, Disappearance and Destruction Coverage is subject to the following:

- a. Additional Exclusions: The Pool will not pay for loss as specified below:
 - (i) Loss resulting from accounting or arithmetical errors or omissions.
 - (ii) Acts of Employees, Directors, Trustees or Representatives: Loss resulting from any dishonest or criminal act committed by any of the Member's Employees, directors, trustees or authorized representatives

- (a) Acting alone or in collusion with other persons; or
- (b) While performing services for the Member or otherwise.
- (iii) Loss resulting from the giving or surrendering of property in any exchange or purchase.
- (iv) Loss from damage to the Premises resulting from fire, however caused.
- (v) Loss of property contained in any Money Operated Device unless the amount of Money deposited in it is recorded by a continuous recording instrument in the device.
- (vi) Loss of property after it has been transferred or surrendered to a person or place outside the Premises or Banking remises:
 - (a) On the basis of unauthorized instructions; or
 - (b) As a result of a threat to do bodily harm to any person or damage to any property

But, this exclusion does not apply to loss of Covered Property while outside the Premises or Banking Premises in the care and custody of a Messenger if the Member had no knowledge of any threat at the time the conveyance began; or had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

- (vii) Loss from damage to the Premises or its exterior or to containers of Covered Property by vandalism or malicious mischief.
- (viii) Loss resulting from the Member, or anyone acting on the Member's express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

b. Additional Condition

Duties in the Event of Loss: If the Member has reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, the Member must notify law enforcement.

c. Additional Definitions

- (i) **Banking Premises** means the interior of that portion of any building occupied by a banking institution or similar safe depository.
- (ii) **Messenger** means the Member or any Employee while having care and custody of the property outside the Premises.

(iii) **Occurrence** means an act or series of related acts involving one or more persons; or, an act, event, or a series of related acts or events not involving any person.

(iv) **Premises** means the interior of that portion of any building the Member occupies in conducting the Member's business.

(v) **Theft** means any act of stealing.

D. ROBBERY AND SAFE BURGLARY COVERAGE

The Pool will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Causes of Loss.

1) Inside the Premises

a. Robbery of a Custodian

(i) Covered Property: Property other than Money and Securities inside the Premises in the care and custody of a Custodian.

(ii) Property not Covered: Motor vehicles, trailers, or semi-trailers or equipment and accessories attached to them.

But, the Pool will pay only for the amount of loss the Member cannot recover:

(i) Under the Member's contract with an armored motor vehicle company or other commercial carrier; and

(ii) From any insurance or indemnity carried by, or for the benefit of customers of the armored motor vehicle company.

2) Additional Exclusions, Conditions and Definitions: In addition, this Robbery and Safe Burglary Coverage is subject to the following:

a. Additional Exclusions: The Pool will not pay for loss as specified below:

(i) Loss resulting from any dishonest or criminal act committed by any of the Member's Employees, directors, trustees or authorized representatives, whether acting alone or in collusion with other persons, or while performing services for the Member or otherwise.

(ii) Loss resulting from fire, however caused, except loss from damage to a safe or a vault.

(iii) Loss of, or loss from damage to, property after it has been transferred

or surrendered to a person or place outside the Premises on the basis of unauthorized instructions or as a result of threat to do bodily harm to any person or damage to any property.

But, this exclusion does not apply to loss of Covered Property while outside the Premises in the care and custody of a Messenger if the Member had no knowledge of any threat at the time the conveyance began; or, had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

(iv) Loss from damage to any property by vandalism or malicious mischief.

b. Additional Conditions

(i) Duties in the Events of Loss: If the Member has reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, the Member must notify law enforcement.

(ii) Special Limit of Coverage for Specified Property: The Pool will only pay up to \$1,000 for any one Occurrence of loss of, and loss from damage to:

(a) Precious metals, precious or semi-precious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or

(b) Manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

c. Additional Definitions

(i) **Custodian** means the Member or any Employee while having care and custody of the property inside the Premises, excluding any person while acting as a Watchperson or janitor.

(ii) **Messenger** means the Member or any Employee while having care and custody of the property outside the Premises.

(iii) **Occurrence** means an act or series of related acts involving one or more persons or an act or event, or a series of related acts or events not involving any person.

(iv) **Premises** mean the interior of that portion of any building the Member occupies in conducting the Member's business.

(v) **Robbery** means the taking of property from the care and custody of a person by one who has:

- (a) Caused or threatened to cause that person bodily harm; or
- (b) Committed an obviously unlawful act witnessed by that person.

(vi) **Safe Burglary** means the taking of:

- (a) Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior, and
- (b) A safe or vault from inside the Premises.

(vii) **Watchperson** means any person the Member retains specifically to have care and custody of property inside the Premises and who has no other duties.

E. COMPUTER FRAUD AND FUNDS TRANSFER FRAUD COVERAGE

1) Computer Fraud

The Pool will pay for loss of or damage to Money, Securities and other property resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the premises or Banking Premises

- a. to a person (other than a Messenger) outside those premises; or
- b. to a place outside those premises.

2) Exclusions: This Computer and Funds Transfer Fraud Coverage, does not apply to:

- a. Credit Card Transactions. Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value, or other cards or the information contained on the cards.
- b. Inventory Shortages. Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:
 - (i) An inventory computation; or
 - (ii) A profit and loss computation

3) Funds Transfer Fraud

The Pool will pay for loss of Funds resulting directly from a Fraudulent Instruction directing a financial institution to transfer, pay or deliver Funds from the Member's Transfer Account.

4) Additional Definitions:

a. **Fraudulent Instruction** means:

- (i) An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by the Member, but which was in fact fraudulently transmitted by someone else without the Member's knowledge or consent;
- (ii) A written instruction (other than those described in Coverage B, Forgery or Alteration Coverage, Section A) issued by the Member, which was forged or altered by someone other than the Member without the Member's knowledge or consent, or which purports to have been issued by the Member, but was in fact fraudulently issued without the Member's knowledge or consent; or
- (iii) An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by the Member which purports to have been transmitted by an Employee but which was in fact fraudulently transmitted by someone else without the Member's or the Employee's knowledge or consent.

b. **Funds** means Money and Securities.

c. **Transfer Account** means an account maintained by the Member at a financial institution from which the Member can initiate the transfer, payment or delivery of Funds:

- (i) By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic Funds transfer system; or
- (ii) By means of written instructions (other than those described in Coverage B, Forgery or Alteration Coverage, Section A) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic Funds transfer system.

d. **Occurrence** means:

- (i) An individual act or event;
- (ii) The combined total of all separate acts or events whether or not related;
or
- (iii) A series of acts or events whether or not related;

Committed by a person acting alone or in collusion with the other persons, or

not committed by any person during the Current Agreement Period in the Coverage Document and CCD, before such Current Agreement Period or both.

F. MONEY ORDERS AND COUNTERFEIT PAPER CURRENCY COVERAGE

1) Coverage

The Pool will pay for loss due to the acquisition of Covered Property resulting directly from the Covered Cause of Loss.

a. Covered Property:

(i) Money orders, including counterfeit Money orders, of any United States or Canadian post office, express company or national or state (or Canadian) chartered bank; and

(ii) Counterfeit United States or Canadian paper currency.

b. Covered Cause of Loss

Acceptance in good faith, in exchange for merchandise, Money or services, of:

(i) Any money order that is not paid upon presentation; and

(ii) Counterfeit United States or Canadian paper currency;

that is acquired during the regular course of business.

2) Additional Exclusions, Conditions and Definitions

In addition to the provision in the Crime General Provisions, this Coverage is subject to the following:

a. Additional Exclusions: The Pool will not pay for loss as specified below:

(i) Acts of Employees, Directors, Trustees or Representatives

Loss resulting from any dishonest or criminal act committed by any of your Employees, directors, trustees or authorized representatives:

(a) Acting alone or in collusion with other persons; or

(b) While performing services for you or otherwise.

(ii) Exchanges or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

(iii) Voluntary Parting of Title or Possession of Property

Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

b. Additional Condition

Duties In The Event of Loss: If you have any reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, you must notify the law enforcement

c. Additional Definition

Occurrence means an:

- (i) Act or series of related acts involving one or more persons: or
- (ii) Act or event, or series of related acts or events not involving any person.

SECTION G GENERAL PROVISIONS

1. CANCELLATION

This Coverage Document may be:

- A. Cancelled at any time at the request of the Member by surrendering this Coverage Document to the Pool or by giving written notice to the Pool stating when the cancellation will take effect; or
- B. Cancelled by the Pool by giving the Member not less than:
 - 1) Sixty days written notice of cancellation; or
 - 2) Ten days written notice of cancellation if the Member fails to remit, when due, contribution for this Coverage Document.

Return of any unearned Contribution will be calculated on the customary short rate basis if the Member cancels and on a pro-rata basis if the Pool cancels this Coverage Document. Return of any unearned Contribution will be made by the Pool as soon as practicable.

2. INSPECTIONS

The Pool, at all reasonable times, will be permitted, but will not have the duty, to inspect covered property. The Pool's:

- A. Right to make inspections;
- B. Making of inspections; or
- C. Analysis, advice or inspection report;

will not constitute an undertaking, on behalf of or for the benefit of the Member or others, to determine or warrant that the Member's property is safe or healthful. This Pool will have no liability to the Member or any other person because of any inspection or failure to inspect.

The Member is responsible for assuring that jurisdictional inspections are performed as required, and to assure that required jurisdictional Operating Certificates are current for their pressure equipment.

3. PROVISIONS APPLICABLE TO SPECIFIC JURISDICTIONS

- A. If the provisions of this Coverage Document conflict with the laws of any jurisdiction in which this Coverage Document applies, and if certain provisions are required by law to be stated in this Coverage Document, this Coverage Document will be read so as to eliminate the conflict or deemed to include the provisions for Covered Locations within the jurisdiction.
- B. The Pool will provide to the Member copies of endorsements mandated for use by the laws of states in the United States of America. The endorsements may modify this Coverage Document with respect to any covered property located in the state in which the endorsement applies.

4. MISREPRESENTATION AND FRAUD

This Coverage Document will be void in entirety if, whether before or after a loss, a Member has:

- A. Willfully concealed or misrepresented any material fact or circumstance concerning this coverage, covered property, any coverage claim, or the interest of a Member;
- B. Made any attempt to defraud the Pool; or
- C. Made any false swearing.

5. LENDERS LOSS PAYEE AND MORTGAGEE INTERESTS AND OBLIGATIONS

- A. The Pool will pay for loss to specified property covered under this Coverage Document to each specified Lender Loss Payee (Lender) as its interest may appear, and to each specified Mortgagee as its interest may appear, under all present or future mortgages upon covered property, in order of precedence of

the mortgages.

- B. The interest of the Lender or Mortgagee (as the case may be. in property covered under this Coverage Document will not be invalidated by:
- 1) Any act or neglect of the debtor, mortgagor, or owner (as the case may be. of the property;
 - 2) Foreclosure, notice of sale, or similar proceedings with respect to the property;
 - 3) Change in the title or ownership of the property; or
 - 4) Change to a more hazardous occupancy.

The Lender or Mortgagee will notify the Pool of any known change in ownership, occupancy, or hazard and, within 10 days of written request by the Pool, may pay the additional Contributions associated with the known change. If the Lender or Mortgagee fails to pay the increased Contribution, all coverage under this Coverage Document will cease.

- C. If this Coverage is cancelled at the request of the Member, the coverage for the interest of the Lender or Mortgagee will terminate 10 days after the Pool sends to the Lender or Mortgagee written notice of cancellation, unless:
- 1) Sooner terminated by authorization, consent, approval, acceptance, or ratification of the Member's action by the Lender or Mortgagee, or its agent.
 - 2) This Coverage is replaced by the Member, with a coverage document or policy providing coverage for the interest of the Lender or Mortgagee, in which event coverage under this Coverage Document with respect to such interest will terminate as of the effective date of the replacement coverage document or policy, notwithstanding any other provision of this Coverage Document.
- D. The Pool may cancel this Coverage and the interest of the Lender or Mortgagee under this Coverage Document, by giving the Lender or Mortgagee written notice 60 days prior to the effective date of cancellation, if cancellation is for any reason other than non-payment. If the Member has failed to pay any Contribution due under this Coverage Document, the Pool may cancel this Coverage Document for non-payment, but will give the Lender or Mortgagee written notice 10 days prior to the effective date of cancellation. If the Lender or Mortgagee fails to pay the Contribution due by the specified cancellation date, all coverage under this Coverage Document will cease.
- E. The Pool has the right to invoke this Coverage Document's Suspension provision. The suspension of coverage will apply to the interest of the Lender or Mortgagee in any machine, vessel, or part of any machine or vessel, subject to

the suspension. The Pool will provide the Lender or Mortgagee at the last known address a copy of the suspension notice.

- F. If the Pool pays the Lender or Mortgagee for any loss, and denies payment to the Member, the Pool will, to the extent of the payment made to the Lender or Mortgagee, be subrogated to the rights of the Lender or Mortgagee under all securities held as collateral to the debt or mortgage. No subrogation will impair the right of the Lender or Mortgagee to sue or recover the full amount of its claim. At its option, the Pool may pay to the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest. In this event, all rights and securities will be assigned and transferred from the Lender or Mortgagee to the Pool, and the remaining debt or mortgage will be paid to the Pool.
- G. If the Member fails to render proof of loss, the Lender or Mortgagee, upon notice of the Member's failure to do so, will render proof of loss within 60 days of notice and will be subject to the provisions of this Coverage Document relating to Appraisal, Settlement of Claims, and Suit Against the Pool.
- H. Other provisions relating to the interests and obligations of the Lender or Mortgagee may be added to this Coverage Document by agreement in writing.

6. OTHER COVERAGE

- A. If there is any other coverage that would apply in the absence of this Coverage Document, this Coverage Document will apply only after such coverage whether collectible or not. However, such coverage is allowed to act as a deductible buyback including National Flood Insurance Program coverage for Flood.
- B. The Member is permitted to have other coverage over any limits or sublimits of liability specified elsewhere in this Document without prejudice to this Coverage Document. The existence of any other coverage will not reduce any limit or sublimit of liability in this Coverage Document. Any other coverage that would have provided primary coverage in the absence of this Coverage Document will not be considered excess.
- C. The Member is permitted to have other coverage for all, or any part, of any deductible in this Coverage Document. The existence of other coverage will not prejudice recovery under this Coverage Document. If the limits of liability of other coverage are greater than this Coverage Document applicable deductible, this Coverage Document coverage will apply only after the other coverage has been exhausted.
- D. If this Coverage Document is deemed to contribute with other coverage, the limit of liability applicable at each Location, for purposes of the Contribution with other insurers, will be the latest amount described in this Coverage Document or the latest Location value on file with the Pool.

7. COVERAGE MODIFICATION

This Coverage Document contains all of the agreements between the Member and the Pool concerning this coverage. The Member and the Pool may request changes to this Coverage Document. This Coverage Document can be changed only by endorsements issued by the Pool and made a part of this Coverage Document. The Member is also bound by the terms of the Interlocal Participation Agreement with the Pool.

Notice to any agent or knowledge possessed by any agent or by any other person will not:

- A. Create a waiver, or change any part of this Coverage Document; or
- B. Prevent the Pool from asserting any rights under the provisions of this Coverage Document.

8. REDUCTION BY LOSS

Claims paid under this Coverage Document will not reduce its limit of liability, except claims paid will reduce any Coverage Period Aggregate Limit of Liability.

9. SUSPENSION

On discovery of a dangerous condition, this Pool may immediately suspend Equipment Breakdown coverage on any machine, vessel or part by giving written notice to the Member. The suspended coverage may be reinstated by the Pool. Any unearned Contribution resulting from a suspension will be returned by the Pool.

10. TITLES

The titles in this Coverage Document are only for reference. The titles do not in any way affect the provisions of this Coverage Document.

MOLD/FUNGUS EXCLUSION ENDORSEMENT

COVERAGE AGREEMENT – Subject to the limits in this Coverage Document, the Coverage Document is amended to exclude coverage for Mold and Fungus loss, as described in this section.

The Pool is not liable for any loss or damage in the form of, caused by, arising out of, contributed to, or resulting from Fungus, Mold, bacteria, mildew or yeast, or any spores or toxins created or produced by or emanating from Fungus, Mold, mildew or yeast regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Definitions applicable to this endorsement:

1. **Fungus** includes any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including Mold, rusts, mildews, smuts and mushrooms.
2. **Mold** includes any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce Mold.
3. **Spores** means any dormant or reproductive body produced by or arising or emanating out of any Fungus, Mold, mildew, plants, organisms or microorganisms.

This exclusion does not apply to any loss or damage in the form of, caused by, contributed to or resulting from Fungus, Mold, mildew or yeast, or any spores or toxins created or produced by or emanating from Fungus, Mold, bacteria, mildew or yeast which the Member establishes is a direct result of a Flood, Earthquake, fire, Named Storm, wind driven water, lightning, explosion, tornado, vehicle impact, falling aircraft, or hail, provided that the Fungus, Mold, mildew or yeast loss or damage is reported to the Pool within 12 months from the date of the loss.

A \$1,000,000 per Occurrence and annual aggregate limit of liability applies to coverage provided by this endorsement.

This exclusion does not apply to Valuable Papers & Records and EDP Media.

ASBESTOS EXCLUSION ENDORSEMENT

COVERAGE AGREEMENT – Subject to the limits in this Coverage Document, the Coverage Document is amended to exclude Asbestos loss coverage, as described in this section.

This Coverage Document excludes:

1. Asbestos material defects, treatment, abatements or removal, unless the asbestos itself is damaged by a covered peril and then only as to the physical portion of asbestos material damaged by that peril;
2. Regardless of cause, any sum relating to:
 - A. Health hazard from asbestos;
 - B. Treatment, abatement or repair of asbestos material that has become friable; or
 - C. Demolition, increased cost of reconstruction, removal or any type of cost or loss arising from the enforcement of or compliance with any law or ordinance regulating asbestos material; or
3. Any governmental requirement relating to asbestos material present in or part of any portion of Member Property that was not damaged by a covered peril during the Coverage Period and can no longer be used where installed.

CHEMICAL, BIOLOGICAL & RADIOLOGICAL EXPOSURES EXCLUSION ENDORSEMENT

COVERAGE AGREEMENT – Subject to the limits in this Coverage Document, the Coverage Document is amended to exclude Chemical, Biological & Radiological Exposures loss coverage, as described in this section.

1. This Coverage Document does not cover any loss, damage, cost or expense caused by or resulting from any of the following, regardless of any other cause or event contributing concurrently or in any other sequence:
 - A. The unlawful possession, use, release, discharge, dispersal or disposal of any chemical, bacteriological, viral, radioactive or similar agents or matter regardless of who is responsible for the act and whether war has been declared or not, and regardless of any other cause or event contributing concurrently or in any other sequence; or
 - B. The unlawful possession, use, release, discharge, detonation, dispersal or disposal of any device or material capable of producing a nuclear reaction or the spread of radioactivity, regardless of who is responsible for the act and whether war has been declared or not, and regardless of any other cause or event contributing concurrently or in any other sequence.
2. In any action, suit or other proceeding where the Pool alleges that, by reason of either of the provisions above, some or all loss or damage is not covered by this Coverage Document, the Member has the burden of proving that the loss or damage is not excluded.

GREEN ENDORSEMENT

COVERAGE AGREEMENT – Subject to the limits in this Coverage Document, the Coverage Document is amended to extend coverage related to LEED Certification, as described in this section.

The coverage and valuation provision provided by this endorsement only apply if direct physical loss or damage to covered real or personal property is caused by any of the perils covered by the Coverage Document and replacement cost valuation applies.

This coverage does not apply to: (1) personal property of others in the Member's care, custody, and control; (2) leased personal property; or (3) finished or unfinished stock.

This endorsement does not increase or change the Per Occurrence Limit of Liability shown in the CCD or the annual aggregate for specified perils.

1. Notwithstanding the Valuation provision of this Coverage Document or Limits of Liability applicable to specific Locations or perils, if replacement cost valuation applies to real and personal property, then the Pool's liability for loss applicable to this endorsement is the cost to repair or replace the covered damaged property, subject to the applicable Limit of Liability, plus the lesser of the following amounts:
 - A. The reasonable and necessary amount to upgrade to green the covered damaged property as described in Coverage Section A - Non-LEED® Certified Coverage or as described in Coverage Section B - LEED® Certified Coverage below, whichever is applicable; or
 - B. An additional 25% of the applicable limit of liability for the building and business personal property shown in the property schedule or appraisal to upgrade to green; or
 - C. \$1,000,000 to upgrade to green.

At the Member's sole discretion, the Member may elect not to upgrade to green any or all property for which upgrade to green coverage is provided under this endorsement. In such case, the Pool will adjust the claim in accordance with the standard provisions of the Coverage Document, as modified by all other applicable endorsements.

Subject to the lesser of A., B., or C. above, if necessary, the period of recovery shall be increased to allow for additional time to upgrade to green the damaged property plus up to an additional two week period to meet the requirements set forth in 4.B.

2. COVERAGE SECTION A: NON-LEED CERTIFIED COVERAGE

If direct physical loss or damage by any of the perils covered by the Coverage Document to a building that is not LEED certified at the time of the loss, or to the personal property within the building, the Pool will pay to repair or replace damaged or destroyed:

A. Loss Settlement for Personal Property

- 1) Appliances or Office Equipment with products of like kind and quality that have been identified as ENERGY STAR® or equivalent products of energy efficiency. If there are no products available at the time of the loss, this upgrade to green coverage does not apply.
- 2) Systems Furniture or Seating, with products of like kind and quality that are certified as GREENGUARD Indoor Air Quality Certified® or products with similar emissions characteristics. If there are no products available at the time of the loss, this upgrade to green coverage does not apply.

B. Loss Settlement for a Building

1) Interior Finish Materials Upgrade

- a. Lower Emissions Products Upgrade Coverage
Defined Building Materials with products of like kind and quality that have Lower Emissions. If there are no products available at the time of the loss, this upgrade to green coverage does not apply.
- b. Environmentally Preferable Products Upgrade Coverage
Interior wood, carpeting and flooring with products of like kind and quality that have Lower Emissions, are Sustainably Produced, are Rapidly Renewable or include Recycled Content. If there are no products available at the time of the loss, this upgrade to green coverage does not apply.

2) Interior Plumbing Systems Upgrade Coverage

Interior plumbing fixtures including, but not limited to, toilets, shower heads and lavatory faucets with products of like kind and quality that are more Water Efficient. If there are no products available at the time of the loss, this upgrade to green coverage does not apply. For damaged or destroyed faucets, the Pool will also pay to install occupant sensors to reduce the potable water demand.

3) Lighting Systems Upgrade Coverage

Lighting systems, with products of like kind and quality that have been identified as ENERGY STAR or equivalent products of such energy efficiency. If there are no products available at the time of the loss, this upgrade to green coverage does not apply. The Pool will also pay to repair or replace damaged light bulbs with light bulbs which have low mercury content.

4) Efficient Heating and Cooling Equipment Upgrade Coverage

Heating and cooling equipment with products of like kind and quality that have been identified as ENERGY STAR or equivalent products of such energy efficiency. If there are no products available at the time of the loss, this upgrade to green coverage does not apply.

5) Building Reconstruction Following Total Loss

- a. Solely with respect to a Total Loss to a building, the Pool will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that should satisfy the prerequisites and earn the minimum number of points required to qualify for LEED Silver certification using the LEED New Construction (LEED NC®) Rating System.
- b. Certification Expenses
 - (i) The Pool will pay the reasonable and necessary registration and certification fees charged by the United States Green Building Council (USGBC) that the Insured incurs should the Insured decide to seek LEED Silver certification. However, the Pool will not pay to modify the reconstructed structure if it is not certified.
 - (ii) The sublimit for this coverage is \$25,000.

3. COVERAGE SECTION B: LEED CERTIFIED COVERAGE

In addition to all Coverage provided in Coverage Section A of this endorsement (with the exception of 2.B. (5) Building Reconstruction Following a Total Loss) and if direct physical loss or damage by any of the perils covered by the Coverage Document to a building that is LEED certified at the time of the loss, or to the personal property in such building, the Pool will pay to repair or replace damaged or destroyed:

A. Loss Settlement for Trees, Shrubs, and Vegetative Roofs

- 1) Trees and shrubs planted specifically to secure the Heat Island Effect: Non-Roof point as described in LEED NC. For the purposes of this coverage only, notwithstanding any other provision of the Coverage Document to the contrary, trees and shrubs are Covered Property. The sublimit for this coverage is \$3,000 per tree or \$3,000 per shrub up to a maximum of \$25,000.
- 2) Vegetative roofs on LEED certified buildings. Notwithstanding any other provision of the Coverage Document to the contrary, vegetative roofs are Covered Property.

B. Loss Settlement for a Building

- 1) Recertification Expenses

- a. In the event of direct physical loss or damage by any of the perils covered by the Coverage Document that necessitates recertification of the damaged building, the Pool will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Member incurs as a result of the recertification process.
- b. The sublimit for this coverage is \$25,000.

2) Building Reconstruction Following Total Loss

- a. Solely with respect to a Total Loss to a building that is LEED certified at the time of the loss, the Pool will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that would satisfy the prerequisites and should earn the minimum number of points required to qualify for LEED certification at one level above the certification in effect at the time of the loss using the LEED NC Rating System.
- b. Certification Expenses
 - (i) The Pool will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Member incurs should the Member decide to seek LEED certification. However, the Pool will not pay to modify the reconstructed structure if it is not certified.
 - (ii) The sublimit for this coverage is \$25,000.

4. COVERAGES INCLUDED WITHIN COVERAGE SECTIONS A OR B AND APPLICABLE TO LEED® AND NON-LEED® CERTIFIED BUILDINGS

In the event of direct physical loss or damage by any of the perils covered by the Coverage Document to a LEED or Non-LEED certified building:

A. Recycling Expenses

- 1) The Pool will pay the Member's expenses to clean-up, sort, segregate, and transport debris from the Member's damaged building to recycling facilities, if such debris can be recycled.
- 2) The sublimit for this coverage is \$25,000 and is in addition to the debris removal expense sublimit provided by the Coverage Document, if any.
- 3) Any income or remuneration derived from this recycling shall be used to reduce the loss.

B. Air Testing and Outdoor Air Ventilation of the Reconstructed Space

- 1) In accordance with the requirements for the Construction IAQ Management

Plan: Before Occupancy Credit as described in the LEED NC rating system (Construction IAQ), the Pool will pay to conduct air testing and a building flush-out (if required because of a failure to meet air quality standards set forth in the Construction IAQ) and follow-up air testing for a total period of time not to exceed two weeks.

- 2) After the two week period of increased outdoor air ventilation of the reconstructed space, the Pool will pay to replace the filtration media with new media.
- 3) The sublimit for this coverage is \$25,000.

C. Professional Services

The Pool will pay reasonable and necessary expenses to hire a LEED Accredited architect or engineer to participate in the design and construction administration of the damaged portion of the building or the entire building, whichever is applicable.

The sublimit for this coverage is \$50,000.

D. Building Commissioning Expenses

- 1) In the event of direct physical loss or damage to mechanical, electrical, or electronic building systems, by any of the perils covered by the Coverage Document which necessitates the commissioning or re-commissioning of those systems, the Pool will pay reasonable and necessary expenses of a Professional Engineer to commission or re-commission those damaged systems in accordance with LEED protocols.
- 2) The sublimit for this coverage is \$25,000.

5. Additional Definitions

- A. **Appliances** mean products including dishwashers, refrigerators, freezers, ovens, microwave ovens, room air conditioners, room air cleaners and water heaters.
- B. **Defined Building Materials** means: (1) all carpet and floor coverings, including adhesives to affix them to the floor; (2) all interior paints, architectural coatings, primers, undercoatings, adhesives, and sealants; and (3) permanently installed composite wood fixtures, including, counters, cabinets, and partitions.
- C. **ENERGY STAR** means any product that has been identified by the United States Government Department of Energy, Environmental Protection Agency as ENERGY STAR qualified at the time of the loss.
- D. **Heating and Cooling Equipment** means products including heat pumps, boilers, central air conditioning, ceiling fans, dehumidifiers, exhaust fans,

furnaces, thermostats, and ventilating fans.

E. **Lower emissions** means:

- 1) With respect to adhesive and sealant products, such as, general construction adhesives, flooring adhesives, fire-stopping sealants, caulking, duct sealants, plumbing adhesives, and cove base adhesives, products that meet the requirements of South Coast Air Quality Management District (SCAQMD) Rule # 1168; with respect to aerosol adhesives, products that meet Green Seal Standard GS-36 requirements;
- 2) With respect to architectural paints, coatings, and primers, products that do not exceed the volatile organic compound (VOC) content limits established in Green Seal Standard GS-11, with respect to anti-corrosive and anti-rust paints, products that do not exceed the VOC content limits established in Green Seal Standard GS-03; and with respect to clear wood finishes, floor coatings, stains, and shellacs, products that do not exceed the VOC content limits established by SCAQMD Rule #1113;
- 3) With respect to carpet and carpet cushion, products that meet the requirements of the Carpet and Rug Institute's Green Label Plus Program; and
- 4) With respect to composite wood and agrifiber products such as particleboard, medium density fiberboard (MDF, plywood, wheatboard, strawboard, panel substrates and door cores as well as laminating adhesives used to fabricate on-site and shop-applied composite wood and agrifiber assemblies, products that contain no added urea- formaldehyde resins.

F. **Office Equipment** means electronic products including desktop computers, laptop computers, monitors, printers, fax machines, scanners, copiers, and telephones.

G. **Recycled Content** means those products that contain at least 20% post-consumer recycled content.

H. **Rapidly Renewable** means products that are made from plant resources that are harvested within a ten-year cycle or shorter, including bamboo, eucalyptus, wheat straw, sunflower hulls, cork oak, wheatboard, linoleum, and sorghum.

I. **Seating** means task and guest chairs used with System Furniture.

J. **Sustainably Produced** means those products certified by the Forest Stewardship Council (FSC).

K. **System Furniture** means either a panel-based workstation comprised of modular interconnecting panels, hang-on components and drawer/filing components of a freestanding grouping of furniture items and their components

that have been designed to work in concert.

L. **Total Loss** means:

- 1) The covered building is completely destroyed regardless of whether any damage is done to the foundation or slab; or
- 2) The covered building is in such condition after the loss that the standard method of rebuilding or repairing the covered building is to raze the structure except for the foundation or slab or including all or part of the foundation or slab and rebuild the entire structure, whether such structure is actually rebuilt or not.

M. **Water Efficient** means dry fixtures such as composting toilet systems and non-water using urinals, flush toilets using no more than 1.6 gallons of water per flush, and shower heads and faucets with a flow rate of no more than 2.2 gallons per minute.