

2022

Property and Casualty Coverage Document



VLCT
Property And Casualty Intermunicipal Fund, Inc.
(PACIF)

Combined PROPERTY, CASUALTY, and CRIME Coverage

FUND: VLCT Property And Casualty Intermunicipal Fund, Inc. (VLCT PACIF)

ADDRESS: 89 Main Street, Suite 4, Montpelier, Vermont 05602

PERIOD OF COVERAGE: 12:01 a.m. January 1, 2022 to 12:01 a.m. January 1, 2023

NOTE: All section titles and sub-headings used in this document are for convenience only: they do not modify or affect the meaning or construction of any terms or provisions hereof and shall not be deemed part of the text of this Coverage Document.

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SECTION I: GENERAL AGREEMENTS, CONDITIONS, EXCLUSIONS, AND DEFINITIONS

Agreements, conditions, exclusions, and definitions in this section are applicable to all coverage sections in this Coverage Document.

I-A. General Coverage AGREEMENTS

1. PERIOD OF COVERAGE

The words “Period of Coverage” shall be understood to mean the following period:

12:01 a.m. on January 1, 2022 - 12:01 a.m. on January 1, 2023

2. NAMED MEMBER AND MEMBER

It is agreed that the unqualified word “Member” wherever used in this Coverage Document includes not only the Named Member specified on the Declarations Page but also the following subject to all other terms, conditions, limitations and exclusions in this Coverage Document:

- a. Any official, trustee or employee of the Named Member while acting within the scope of that person’s duties as such, and any person, organization, trustee, or estate listed as an additional covered party hereunder or to whom the Named Member is obligated by virtue of a Covered Contract to provide coverage under Section III-A. Agreement C such as is offered by this Coverage, and only in respect to operations by or on behalf of the Named Member.
- b. With respect to Section III-A. Agreement E, any person while using an owned automobile or a hired automobile and any person or organization legally responsible for the use thereof, provided the actual use of the automobile is with the permission of the Named Member. Any employee or official of the Named Member with respect to the use of a non-owned automobile while in the course and scope of providing services for the Named Member, is a Member but only for the purpose of the application of Agreement E as excess to any primary insurance. With the exception of the Named Member this Coverage does not apply:
 - (1) To any person or organization, or to any agent or employee thereof, operating an automobile sales agency, repair shop, service station, storage garage, or public parking place, with respect to any accident arising out of the operation thereof;
 - (2) To any employee of the Named Member with respect to injury to or sickness, disease, or death of another employee of the same Named Member injured in the course of such employment in an accident arising out of the maintenance or use of the automobile in the business of such Named Member;
 - (3) With respect to any hired automobile, to the owner, lessee or any agent or employee of such owner or lessee;
- c. Volunteer workers of the Named Member while acting within the scope of their duties as authorized by the Named Member.
- d. With respect to Section V-A. Agreement K and Section VI-A. Agreement L:
 - (1) All persons who were, now are, or shall be elected, appointed, or employed officials of the Named Member; and
 - (2) All persons who during the Period of Coverage are present or former members of commissions, boards, or other units operated by and under the jurisdiction of the Named Member; and

- (3) All persons who during the Period of Coverage are present or former employees of the Named Member; and
- (4) In the event of death, incapacity, or bankruptcy of a covered Member, the estate, heirs, legal representatives, or assigns of such Member.
- (5) A Member's lawful spouse who is the subject of a claim by reason of (a) status as spouse, or (b) ownership interest in property which the claimant seeks as recovery for alleged Wrongful Acts or Covered Events of the Member. This provision does not apply to any claim alleging any Wrongful Act or omission by the Member's spouse.

3. TERRITORY

This Coverage applies worldwide.

4. LIMITS OF LIABILITY

- a. Limits of liability as stated on the Declarations Page.
- b. For the purpose of determining the applicable per Occurrence limit of liability under Section III Coverage, or any other valid or collectible casualty coverage under another Fund Coverage Document, all losses and damages arising out of continuous or repeated exposure to substantially the same general conditions or attributable directly or indirectly to one cause or a series of similar causes (be they proximate or immediate) shall be considered one Occurrence. All losses and damages shall be added together and the total amount of all losses and damages will be treated as arising out of one Occurrence.

5. NOTICE OF LOSS

This Coverage is issued to the Named Member on the condition that all losses incurred or claims made against the Member are reported to the Fund promptly and as more specifically set forth in any Coverage Agreement hereunder. It shall be the duty of the Named Member to designate by position a person(s) responsible for the prompt reporting of any claim or loss to the Fund and/or the designated claims service organization appointed by the Fund. It is agreed that any report delayed by more than 30 days substantially prejudices the Fund.

6. APPLICABILITY OF COVERAGE TO PARTIES TO A CIVIL UNION

All coverage definitions and coverage provisions referencing a spouse or other member(s) of a person's family shall include parties to a civil union under Vermont law, and their families, and shall be interpreted to provide equivalent coverage for married couples, civil union couples, and their families.

I-B. General Coverage CONDITIONS

1. DEDUCTIBLE

- a. Occurrence Coverages: The Fund pays only the amount of loss or damage in any one occurrence that exceeds the deductible amount stated on the Declarations Page.
- b. Claims Made Coverages: The deductible stated on the Declarations Page applies to each and every claim made.
- c. The deductible shall not apply to any liability claim where the only payments made under this Coverage are attorneys' fees and expenses of defense.

2. COVERAGE CONTRIBUTION

The coverage contribution required of the Named Member shall be as quoted to the Named Member and stated on the Declarations Page.

3. SALVAGE AND RECOVERY

All salvages, recoveries, and payments recovered or received subsequent to a loss payment under this Coverage shall be paid to the Fund, except as provided in Section I-B.9 and I-B.14 of this Coverage.

4. INSPECTIONS, AUDITS, AND VERIFICATION OF VALUES

The Fund or its representatives has the right, but is not obligated, to inspect the Member's property and operations at any time. However, the inspections or reports are only for the Fund's benefit, and are not intended to be relied upon by the Member to discharge any obligation it may have to its employees or otherwise. Any inspection or report, or advice given to the Member by or on behalf of the Fund shall not warrant that the property or operations are safe, healthful, comply with any regulations, or are covered. The Fund shall be permitted at all reasonable times during continuance of the Coverage to examine the Named Member's books or records so far as they relate to protection afforded by this Coverage.

Detailed, itemized inventory records of all covered property must be maintained by Members at all times.

5. RECORDS

It is hereby understood and agreed that the records and books as kept by the Named Member may be used by the Fund in determining the amount of loss or damage covered hereunder.

6. DUE DILIGENCE

The Member at the Member's expense shall use due diligence and do and continue doing all things reasonably practicable to avoid or diminish any loss of or damage to the property herein covered. In the event the Member fails to exercise such due diligence, the Fund shall deny the claim to the extent such loss or damage is attributable to the Member's lack of due diligence.

7. CANCELLATION AND NON-RENEWAL

a. Cancellation for Nonpayment of Contribution

If the Named Member fails to pay any contribution when due, the Fund shall have the right to cancel the Named Member's Coverage under this Coverage Document. The Fund shall provide the Named Member notice of cancellation by certified mail not less than fifteen (15) days prior to the effective date of cancellation together with the reason thereof.

b. Cancellation For Other Reasons

(1) The Fund may also cancel the Named Member's coverage for the following reasons, the factual basis of which shall be determined solely by the Fund.

- (a) Fraud or material misrepresentation in any dealings with the Fund; or
- (b) Violation of any of the terms or conditions of the Coverage Document; or
- (c) Violation of the terms of the Member Agreement; or
- (d) Substantial increase in hazard.

(2) Notice of Cancellation for Other Reasons

The Fund shall provide the Named Member notice of the cancellation by certified mail not less than sixty (60) days prior to the effective date of cancellation. The reason or reasons for cancellation shall accompany the notice of cancellation.

(3) Cancellation for substantial increase in hazard shall be effective only after prior approval of the Vermont Commissioner of the Department of Financial Regulation.

c. Non-Renewal

(1) The Named Member may elect to non-renew this Coverage only at the end of a Period of Coverage. The Named Member must both:

- (a) Provide the Fund with sixty (60) days' advance written conditional notice of non-renewal, and
- (b) Provide the Fund with written actual notice of non-renewal before the close of business of the last business day of the Period of Coverage.

(2) If the Fund decides not to renew this Coverage, the Fund will mail or deliver to the Named Member written notice of the non-renewal not less than sixty (60) days before the end of the Period of Coverage.

8. BANKRUPTCY AND INSOLVENCY

In the event of bankruptcy or insolvency of the Named Member or any entity comprising the Named Member, the Fund shall not be relieved of the payment of any claims hereunder because of such bankruptcy or insolvency, unless the Fund's right to process or defend any claim has been prejudiced for any reason including the lack of cooperation or access.

9. OTHER INSURANCE

- a. If the Named Member has other insurance against loss covered by this Coverage, the Fund shall be liable under the terms of this Coverage, only as excess of coverage provided by such other insurance, even if the other insurance policy designates the Fund as primary.

- b. Permission is hereby granted for the purchase of insurance to apply as excess of the Coverage provided hereunder.

10. MORTGAGE

The interest of any mortgagee on property covered hereunder is included as if a separate endorsement were attached hereto to the extent of the amount of the mortgage as of the date of loss, subject to the terms, conditions, limitations, exclusions, and limits of liability set forth in this Coverage.

11. LOSS PAYMENTS

When it has been determined that the Fund is liable under Section II: Property or Section IV: Crime and Fidelity, the Fund shall thereafter promptly reimburse the Named Member for all covered payments made in excess of the deductible up to the limit of liability stated on the Declarations Page. All adjusted claims shall be paid or made good to the Named Member within ten (10) working days after the Fund and its reinsurers determine there has been a satisfactory proof of interest and loss.

12. APPEAL

It is agreed that any decision to appeal a judgment under this Coverage shall be mutually agreed by the Named Member and the Fund. The decision to appeal shall not serve to increase the limit of liability provided under the Coverage or waive any coverage defenses.

13. LITIGATION PROCEEDINGS

- a. No suit to recover on account of loss under this Coverage shall be brought until sixty (60) days after denial of a claim, nor at all unless commenced within twelve (12) months after the amount of loss is made certain either by judgment against the Member after final determination of the litigation including any appeal or by agreement between the parties with the consent of the Fund.
- b. It is a further requirement prior to bringing any suit to recover on account of loss under this Coverage that the Member shall have exhausted the Fund's adopted claim appeal procedures allowing Member appeal of PACIF coverage determination.

14. SUBROGATION

The Fund shall be subrogated to all rights which a Member may have against any person or other entity in respect to any claim or payment made under this Coverage, and the Member shall execute all papers required by the Fund and shall cooperate with the Fund to secure the Fund's rights. The Member must do everything necessary to secure those rights, and nothing may be done after a loss to impair those rights. The Fund will act in cooperation with all other interests concerned, i.e., the Member and any other entity or individual participating in the payment of any loss as primary or excess insurers, in the exercise of such rights of recovery. However, the Member agrees that the Fund shall control all aspects of subrogation recovery, including choice of counsel and experts. If the Member hires its own attorney or expert, the Member will bear the expense.

If any amount is recovered as a result of such subrogation proceedings, the net amount recovered after deducting the Fund's costs of recovery, including but not limited to legal and

expert expenses, shall be divided between the interests concerned in the proportion of their respective interests. Recovery does not include any reinsurance amounts. If there should be no recovery, the expense of subrogation proceedings shall be borne by the party controlling the expense.

15. WAIVER OF SUBROGATION

This Coverage shall not be invalidated if the Named Member by written agreement has waived or shall waive its right of recovery from any party for loss or damage covered hereunder, provided that any such waiver is made prior to the occurrence of said loss or damage.

16. CONFLICTING STATUTES

In the event that any provision of this Coverage is unenforceable by the Named Member under the laws of any state or jurisdiction wherein it is claimed that the Named Member is liable for any injury covered hereby because of non-compliance with any statute thereof, then this Coverage shall be enforceable for the Named Member with the same effect as if it complied with such law.

17. ASSIGNMENT

Assignment of interest under this Coverage shall not bind the Fund until the Fund's consent is endorsed hereon.

18. CHANGES

None of the terms, conditions, limitations, exclusions, and definitions of this Coverage Document shall be waived or altered except by endorsement; nor shall notice to or knowledge possessed by any agent of the Fund or by any other person be held to effect a waiver or change in any part of this Coverage Document. The expectations of a Member for coverage shall be determined by terms of the Coverage Document, and not interaction with the Fund or its agents.

19. MISREPRESENTATION, CONCEALMENT, OR FRAUD

If a Member or the Named Member shall make any claim knowing the same to be false as respects amount or otherwise, this Coverage shall be forfeited with respect to such a claim. Any willful concealment or misrepresentation of a material fact during the application process by any Named Member voids the Coverage.

20. ASSESSABILITY

It is understood and agreed that the Named Member is a participant of an intermunicipal insurance agreement and that the Named Member's contribution hereunder may include an additional assessment on a pro-rata basis if the total contribution of all Named Members proves insufficient to cover all claims attributable to Named Members under Coverage Documents issued for the Coverage Period.

21. DUTY TO COOPERATE AND CLAIMS SETTLEMENT

Any Member seeking coverage hereunder shall cooperate with the Fund in the investigation, settlement, and defense of any claim or suit.

Claims covered by Section III – Casualty Coverage; Section V – Public Officials Liability Coverage; or Section VI – Employment Practices Liability Coverage shall be governed by and adhere to the Member Participation in the Defense of Liability Claims Policy, as established by the Fund Board of Directors.

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I-C. General Coverage EXCLUSIONS

1. TOTAL POLLUTION

This Coverage shall not apply to:

- a. Personal Injury(ies), Property Damage, Wrongful Act(s), or direct physical loss of or damage to Property of the Named Member, Automobiles, Firefighting Trucks, Watercraft, or Mobile Equipment which would not have occurred in whole or in part but for the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of Pollutants at any time.
- b. Any loss, cost, or expense arising out of any:
 - (1) Request, demand, order, or statutory or regulatory requirement that any Member or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of Pollutants; or
 - (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, Pollutants.

2. ASBESTOS

This Coverage shall not apply to personal injuries or loss of, damage to, or loss of use of property directly or indirectly caused by asbestos, asbestos fibers, or any product containing asbestos or asbestos fibers.

3. WAR AND MILITARY ACTION

This Coverage shall not apply to loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- a. War, including undeclared or civil war; or
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign power, or other authority using military personnel or other agents; or
- c. Rebellion, revolution, insurrection, usurped power, or action taken by governmental authority in hindering or defending against any of these.

4. NUCLEAR

This Coverage shall not apply to any actual, alleged, threatened, or consequential physical loss to property and

- a. To any injury, sickness, disease, death, destruction, or loss
 - (1) with respect to which a Named Member under this Coverage is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, or Nuclear Insurance Association of Canada, or would be an insured under any such Insurance but for its termination upon exhaustion of its limit of liability; or

- (2) resulting from the hazardous properties of nuclear material and with respect to which
 - (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the Member is, or had its Insurance not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- b. To injury, sickness, disease, death, destruction, or loss resulting from the hazardous properties of nuclear material, if
 - (1) the nuclear material (a) is at any nuclear facility owned by or operated by or on behalf of a Member, or (b) has been discharged or dispersed therefrom; or
 - (2) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported, or disposed of by or on behalf of a Member; or
 - (3) the injury, sickness, disease, death, destruction, or loss arises out of the furnishing by a Member of services, materials, parts, or equipment in connection with the planning, construction, maintenance, operation, or use of any nuclear facility; but if such facility is located within the United States of America or its territories or possessions or Canada, this exclusion applies only to injury to, destruction of, or loss of property at such nuclear facility.
- c. As used in this Exclusion:
 - (1) Hazardous properties include radioactive, toxic, or explosive properties; and
 - (2) Nuclear material means source material, special nuclear material, or by-product material; and
 - (3) Source material, special nuclear material, and by-product material have the meanings given to them in the Atomic Energy Act of 1954 or in any law amendatory thereof; and
 - (4) Spent fuel means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor.
- d. Nuclear facility means:
 - (1) Any nuclear reactor; or
 - (2) Any equipment or device designed or used for (a) separating the isotopes of uranium or plutonium, (b) processing or utilizing spent fuel, or (c) handling, processing, or packing waste; or
 - (3) Any equipment or device used for processing, fabricating, or alloying of special nuclear material if at any time the total amount of such material in the custody of the Member at the premises where such equipment or device is located consists of or contains more than twenty-five (25) grams of plutonium or uranium 233 or any combination thereof, or more than two hundred fifty (250) grams of uranium 235; or
 - (4) Any structure, basin, excavation, premises, or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site, and all premises used for such operations.
- e. Nuclear reactor means any apparatus designed or used to sustain nuclear fission in self-supported chain reaction or to contain a critical mass of fissionable material.

- f. With respect to the destruction or loss of property, the word injury or destruction or loss includes all forms of radioactive contamination of property.

5. FAILURE TO SUPPLY

This Coverage shall not apply to any liability arising out of the failure of any Member to adequately supply utilities including gas, oil, electricity, or steam. This Exclusion does not apply to supplying water or sewer.

6. ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA RELATED LIABILITY

This Coverage shall not apply to loss or damage or any liability arising out of, or in connection with any loss, liability cost, damage, expense, fine or penalty resulting from or arising out of or related to, either directly or indirectly, in whole or in part, from:

- a. Unauthorized access, theft, alteration, corruption, or disclosure of confidential, intellectual, proprietary or personal information and data including but not limited to patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.
- b. Loss of use of, damage to, corruption of, inability to access or manipulate, reduction in functionality, directly or indirectly caused by or contributed to or resulting from the following non-exhaustive list of events regardless of any other cause or other event contributing concurrently or in any other sequence to the loss, liability cost, damage, expense, fine or penalty:
 - (1) damage to or loss of data occurring on computer systems, or
 - (2) an unauthorized access of computer systems, or
 - (3) computer malware on computer systems, or
 - (4) human error affecting computer systems, or
 - (5) system failure occurring on computer systems, or
 - (6) a defect of computer systems, or
 - (7) social engineering, or
 - (8) cyber extortion.

This exclusion applies even if loss, damages or expenses are claimed for notification costs, credit monitoring and repair expenses, forensic expenses, public relation expenses or any other loss, damage or expense incurred arising out of any access to or disclosure of any person's or organization's confidential, intellectual, proprietary or personal information and data.

7. CERTAIN COMPUTER-RELATED LOSSES

This coverage shall not cover loss or damage caused directly or indirectly by any of the following:

- a. The failure, malfunction, or inadequacy of any of the following, whether belonging to any Member or to others:

- (1) Computer hardware, including microprocessors;
 - (2) Computer application software;
 - (3) Computer operating systems and related software;
 - (4) Computer networks;
 - (5) Microprocessors (computer chips) not part of any computer system;
 - (6) Any other computerized or electronic equipment or components;
 - (7) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed above, due to the inability of those products or services described above to correctly recognize, process, distinguish, interpret or accept one or more dates or times.
- b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement, or supervision provided or done, by or for a Member, to determine, rectify or test for, any potential or actual problems to any of the items listed in a. above.
 - c. The destruction, disruption, distortion, or corruption of any computer data, coding, program or software due to the inability of those products or services described in a. above to correctly recognize, distinguish, interpret, or accept one or more dates or times.

I-D. General Coverage DEFINITIONS

1. POLLUTANTS

The term “Pollutants” means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, petroleum, petroleum products and petroleum by-products, and waste. Waste includes materials to be recycled, reconditioned or reclaimed. Pollutants include but are not limited to, that which has been recognized in industry or government to be harmful or toxic to persons, property or the environment, regardless of whether the injury, damage, or contamination is caused directly or indirectly by the Pollutants and regardless of whether:

- a. The Member is regularly or otherwise engaged in activities which taint or degrade the environment; or
- b. The Member uses, generates or produces the Pollutant.

SECTION II: PROPERTY COVERAGE

Draft for DFR Approval

II-A. Property Coverage AGREEMENTS

1. AGREEMENT A: BUILDINGS, CONTENTS, AND PORTABLE EQUIPMENT

The Fund agrees, subject to the limitations, exclusions, terms, and conditions of this Coverage, to indemnify the Named Member for direct physical loss of or damage to Property of the Named Member that occurs during the Period of Coverage and is caused by or resulting from any Covered Cause of Loss.

2. AGREEMENT B: AUTOMOBILES, FIREFIGHTING TRUCKS, WATERCRAFT, AND MOBILE EQUIPMENT

- a. The Fund agrees, subject to the limitations, exclusions, terms, and conditions of this Coverage, to indemnify the Named Member for direct physical loss of or damage to Automobiles, Firefighting Trucks, Watercraft, and Mobile Equipment owned by the Named Member, or for which the Named Member has an obligation to provide coverage that occurs during the Period of Coverage and is caused by or resulting from any Covered Cause of Loss.
- b. The Fund agrees to pay temporary transportation expenses incurred by the Named Member because of loss or damage to Automobiles, Firefighting Trucks, Watercraft, and Mobile Equipment owned by the Named Member for which physical damage coverage is carried. The Fund will pay for the reasonable rental cost of replacement Automobiles, Firefighting Trucks, Watercraft, and Mobile Equipment, but only for such time as is actually necessary to repair or replace the damaged Automobiles, Firefighting Trucks, Watercraft, and Mobile Equipment.

II-B. Property Coverage DEFINITIONS

In addition to the GENERAL COVERAGE Agreements, Conditions, Exclusions, and Definitions (Sections I-A, I-B, I-C, and I-D), the following Definitions apply to the PROPERTY COVERAGE Agreements (Section II-A):

1. PROPERTY OF THE NAMED MEMBER

The term “Property of the Named Member” means all real and personal property not including Data Processing Systems Equipment. This includes leasehold improvements or betterments which the Named Member owns, property which the Named Member holds on consignment or agrees to insure by any contractual agreement normal to its operation, and as reported to the Fund and shown on the Property Schedule. Property of the Named Member shall include, subject to the limit of liability for unintentional Errors and Omissions in Property Scheduling stated on the Declarations Page, property the Named Member intended to report to the Fund but omitted from the Property Schedule. The Named Member has the burden of establishing to the Fund’s satisfaction the Named Member’s intent to cover the unscheduled property by clear and convincing evidence. Unintentional Errors and Omissions coverage does not apply to Property in the Open and Fine Arts.

2. BUILDING

The term “Building” means a structure, permanently installed machinery and equipment, items that are part of the structure, and additions to structures including improvements and betterments. If not covered by insurance other than this coverage, Building also means an addition under construction, and alterations and repairs to an existing building and materials, equipment and supplies on or within 100 feet of the Building, used for making additions, alterations or repairs to the Building.

3. CONTENTS

The term “Contents” means furniture and fixtures, machinery and equipment (not permanently attached but not used at other locations), and supplies and other property used by the Named Member at a primary location, including improvements and betterments if not covered by insurance other than this coverage. Coverage does not include Data Processing Systems Equipment or Data Processing Media.

4. PROPERTY IN THE OPEN

The term “Property in the Open” wherever used in Section II Property Coverage includes but is not limited to playground equipment, fencing, signs, ball fields, dugouts, portable storage containers, cemeteries, statues, parking meters, fire hydrants, guard rails, traffic lights, and town benches. Property in the Open also includes trees, shrubs, plants, lawns, garden walkways, parks, athletic fields, docks, pilings, piers, and wharves. The Fund agrees to cover Property in the Open owned and managed by the Named Member but only for Specified Causes of Loss, and only if the property items are listed on the Named Member’s Property Schedule.

5. PORTABLE EQUIPMENT

The term “Portable Equipment” means any moveable property (not including Mobile Equipment) that can be used at several locations. For example, Portable Equipment used by fire, recreation, and highway departments, including chain saws, snow blowers, and leaf blowers.

6. AUTOMOBILE

The term “Automobile” means any motor vehicle, trailer, or semi-trailer, including its equipment and any other equipment permanently attached thereto. The term “Trailer” shall include semi-trailer.

7. MOBILE EQUIPMENT

The term “Mobile Equipment” means a land vehicle (including any machinery or apparatus attached thereto), whether or not self-propelled, that

- a. is not subject to motor vehicle registration; or
- b. is maintained for use exclusively on premises owned by or rented to the Named Member, including the ways immediately adjoining; or
- c. is designed for use principally off public roads; or
- d. is designed or maintained for the sole purpose of affording mobility to equipment of the following types forming an integral part of or permanently attached to such vehicle: power cranes, shovels, loaders, diggers, and drills; concrete mixers (other than the mix-in-transit type); graders, scrapers, rollers, and other road construction or repair equipment; air compressors, pumps, and generators, including spraying, welding, and building cleaning equipment; and geophysical exploration and well servicing equipment.

8. FIREFIGHTING TRUCKS

The term “Firefighting Trucks” means pumper trucks, tanker trucks, ladder trucks, quint trucks, aerial platform trucks, mini-pumpers, and ambulances registered to the Named Member.

9. WATERCRAFT

The term “Watercraft” means any non-motorized or motorized watercraft, including canoes, pontoon boats, and personal watercraft owned by or rented to the Named Member. This includes watercraft furnishings, equipment, and outboard motors. Covered Watercraft are those that are less than or equal to fifty feet (50') in length or have a value less than or equal to two hundred fifty thousand dollars (\$250,000).

10. OCCURRENCE

- a. The term “Occurrence” means the total loss covered against by this Coverage arising out of an accident, event, disaster, occurrence, loss or casualty, or series of accidents, events, disasters, occurrences, losses or casualties, or any other circumstance which is traceable to the same single act, omission, cause, mistake, or error or series of acts, omissions, causes, mistakes, or errors.

- b. It is further agreed for the purpose of this Coverage that all losses caused by windstorms, cyclones or tornadoes, hail, sleet, Earthquake, volcanic action, Flood, or atmospheric disturbance occurring during each period of seventy-two (72) consecutive hours shall be considered one "Occurrence" whether such windstorms, cyclones or tornadoes, hail, sleet, Earthquake, volcanic action, Flood, or atmospheric disturbance were continuous or sporadic in their sweep or scope, and irrespective of whether the loss was due to the same meteorological or geological condition. Each "condition" shall be deemed to commence on the first happening of any material damage from windstorms, cyclones or tornadoes, hail, sleet, Earthquake, volcanic action, Flood, or atmospheric disturbance not within the period of any previous "Occurrence".

11. COVERED CAUSES OF LOSS

The term "Covered Causes of Loss" means all risks of direct physical loss unless the loss is excluded or otherwise limited in this Coverage Document.

Risk of direct physical loss includes collision of Automobiles, Firefighting Trucks, Watercraft, and Mobile Equipment with another object.

12. SPECIFIED CAUSES OF LOSS

The term "Specified Causes of Loss" means the following: fire; lightning; explosion (except if the explosion is covered under the Machinery and Equipment Breakdown Extension); windstorm or hail; smoke; aircraft or vehicle collision; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; falling objects; volcanic action; weight of snow, ice or sleet; and Water Damage.

- a. Smoke does not include smoke losses arising out of agricultural smudging or industrial operations.
- b. Falling Objects does not apply to loss or damage to:
- (1) Personal property left in the open; or
 - (2) The interior of a building or personal property inside the building, unless the falling objects first damage the roof or an outer wall.
- c. "Water Damage" means accidental discharge of water or steam due to a plumbing, air conditioning, heating or other system or appliance breaking apart or cracking (other than a sump system including its related equipment and parts, that is located on the covered premises and contains water or steam).

13. ULTIMATE NET LOSS

The term "Ultimate Net Loss" with respect to Section II Property Coverage means the loss sustained by the Member after making deductions for all recoveries and salvages.

14. EARTHQUAKE

The term “Earthquake” means shaking or trembling of the earth’s crust, caused by underground volcanic or tectonic forces or by breaking or shifting of rock beneath the surface of the ground from natural causes. If more than one Earthquake occurs within any period of seventy-two (72) hours during the term of this agreement, such earthquake shocks shall be considered one Earthquake occurrence and shall be deemed to have occurred at the time of the first loss.

15. FLOOD

The term “Flood” means the rising, overflowing, or breaking of boundaries of rivers, lakes, streams, ponds, or similar natural or man-made bodies of water, or from waves, tidal waves, tidal waters, surface waters, rain accumulation or run off, or by spray from any of the foregoing all whether driven by wind or not: water which backs up through sewers and drains; water below the surface of the ground including that which exerts pressure on or flows, seeps, or leaks through sidewalks, driveways, walls, basement or other floors, doors, windows, or any other openings in such sidewalks, driveways, walls, or floors. All losses occurring during a continuous period of seventy-two (72) hours shall be considered one Flood occurrence and shall be deemed to have occurred at the time of the first loss.

16. BACTERIA

The term “Bacteria” means any type or form of bacterium or any mycotoxin, spore, scent, or byproduct that is produced or released by such bacterium.

17. MOLD OR OTHER FUNGI

The term “Mold or other Fungi” means any type or form of mold or mildew; any other type or form of fungus; or any mycotoxin, spore, scent, or byproduct that is produced or released by such mold, mildew, or other fungus.

18. ACT OF TERRORISM

“Act of Terrorism” means an activity, including the threat of an activity or any preparation for an activity, that:

- a. Causes either damage to property or injury to persons, and
- b. Appears to be intended to:
 - (1) Intimidate or coerce a civilian population; or
 - (2) Disrupt any segment of an economy; or
 - (3) Influence the policy of a government by intimidation or coercions; or
 - (4) Affect the conduct of a government by destruction, assassination, kidnapping, or hostage-taking; or
 - (5) Advance a political, religious, or ideological cause.
- c. “Act of Terrorism” is also described as any act authorized by a governmental authority for the purpose of preventing, terminating, countering, or responding to any act or threat of terrorism or for the purpose of preventing or minimizing the consequence of any act or threat of terrorism.

19. DATA PROCESSING MEDIA

The term “Data Processing Media” means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of data processing equipment or device connected to it which enable the data processing equipment or device to receive, process, store, retrieve or send data.

20. VACANT BUILDINGS

A building is a “Vacant Building” if, for a period of sixty (60) consecutive days prior to an otherwise Covered Cause of Loss, less than thirty percent (30%) of the Building’s gross square footage is being used by the Named Member for customary municipal operations or rented to a third party. If the Named Member is a tenant in a covered Building, the Building is a Vacant Building if, for a period of sixty (60) consecutive days prior to an otherwise Covered Cause of Loss, it does not contain enough Contents to conduct customary municipal operations. Buildings under construction or renovation are not Vacant Buildings.

21. FINE ARTS

“Fine Arts” means paintings, rare books, manuscripts, pictures, prints, etchings, drawings, tapestries, bronzes, statuary, potteries, porcelains, marbles and other bonafide works of art; or items of rarity or historical value owned or in the care, custody or control of the Named Member.

II-C. Property Coverage EXCLUSIONS**1. In addition to the GENERAL COVERAGE Exclusions (listed in Section I-C), with regard to all PROPERTY, this PROPERTY COVERAGE will not pay for loss or damage caused directly or indirectly by any of the following:**

- a. Loss by moth, vermin, termites, or other insects; wear, tear, or gradual deterioration; rust.
- b. Loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of Mold or other Fungi; Wet or Dry Rot, Virus, or Bacteria. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
- c. Loss or damage caused, or directly or indirectly attributable to, or occurring concurrently or in any sequence with a Communicable Disease. For the purpose of this exclusion, Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - (1) the substance or agent includes, but is not limited to, a virus, bacterium, parasite, or other organism or any variation thereof, whether deemed living or not, and

- (2) the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - (3) the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of, or loss of use of property covered hereunder.
- d. Loss or damage caused by radioactive or fissionable material.
 - e. Loss resulting from loss of use, delay or loss of markets or any other consequential loss, except loss of use coverage provided under Agreement B.
 - f. Loss resulting from dampness or dryness of atmosphere.
 - g. Loss of electrical appliances or devices of any kind, including wiring, arising from electrical injury or disturbance to the said electrical appliances or devices or wiring from artificial causes unless fire or explosion ensues, and then only for direct loss or damage caused by such ensuing fire or explosion.
 - h. Loss by mechanical derangement, inherent vice, or latent defect.
 - i. Loss of use, loss of earnings, or any extra expense caused by or resulting from a Denial of Services.
 - j. Loss or damage caused directly or indirectly by an Act of Terrorism, regardless of
 - (1) any other cause or event contributing to such loss or damage in any way or at any time, or
 - (2) whether such loss or damage is accidental or intentional. Provided, however, that an Act of Terrorism for purpose of this exclusion shall not include any act or threat as defined in II-B perpetrated by an official, employee, or agent of a foreign state acting for or on behalf of such state.
 - k. Loss or damage to property covered in the following Extensions:
 - (1) Covered Bridge and Pedestrian Footbridge
 - (2) Data Processing Systems Equipment
 - (3) Data Processing Media
 - (4) Data Processing Extra Expense
 - (5) Valuable Papers and Records
 - (6) Accounts Receivable
 - (7) Municipal Income and Extra Expense
 - (8) Mold or Other Fungi, Wet or Dry Rot, or Bacteria
 - (9) Pollution Removal and Cleanup
 - (10) Asbestos Material Repair, Replacement, and Abatement
 - (11) Machinery and Equipment Breakdown
 - (12) Terrorism
 - (13) Canine Mortality

1. Loss or damage from water seepage into building foundations.
2. **In addition to the GENERAL COVERAGE Exclusions (listed in Section I-C) and the PROPERTY COVERAGE Exclusions (listed in II-C #1, items a through l above), with regard to all REAL PROPERTY, this PROPERTY COVERAGE will not pay for loss or damage caused directly or indirectly by any of the following:**
 - a. Loss by normal settling, normal shrinkage, or normal expansion in foundations, walls, floors, or ceilings.
 - b. Loss resulting from processing or faulty workmanship, unless fire and/or explosion ensues, and then only for direct loss or damage caused by such ensuing fire or explosion.
3. **In addition to the GENERAL COVERAGE Exclusions (listed in Section I-C) and the PROPERTY COVERAGE Exclusions (listed in II-C. #1, items a through l above), with regard to PERSONAL PROPERTY, this PROPERTY COVERAGE will not pay for loss or damage caused directly or indirectly by any of the following:**
 - a. Loss resulting from shrinkage, evaporation, loss of weight, or leakage, unless such loss is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strike, riot or civil commotion, aircraft, vehicles, breakage of pipes or apparatus, sprinkler leakage, vandalism, malicious mischief, theft, or attempted theft.
 - b. Inventory shortage, mysterious disappearance or loss resulting from any kind of infidelity or dishonesty on the part of a Member or any of Named Member's employees.
4. **PROPERTY EXCLUDED from Property Coverage:**
 - a. Animals
 - b. Aircraft
 - c. Standing timber; growing crops
 - d. Land
 - e. Roadways, sidewalks, parking lots, retaining walls, and recreational paths
 - f. Bridges (including abutments) and dams (except structures built upon these items)
 - g. Culverts and other similar property
 - h. Underground tanks and their contents (this exclusion does not apply to tanks containing wastewater or water)
 - i. Underground pipes and conduits, including water, sewer, electrical, and steam
 - j. Overhead transmission lines and poles
 - k. Crops (including grain, hay, and straw) while outside buildings
 - l. Mines, caverns, or any property within a mine or cavern (but this exclusion does not apply to property on gravel pits or quarries)
 - m. Watercraft over fifty feet (50') in length or having a value above two hundred fifty thousand dollars (\$250,000)

- n. Accounts, bills, currency, money (meaning to include funds in financial accounts of any kind, including but not limited to savings accounts or checking accounts), notes, securities, deeds, evidences of debt, valuable papers, evidences of title, food stamps
- o. Contraband and property in the course of illegal transportation or trade.
- p. New buildings under construction.

II-D. Property Coverage CONDITIONS

In addition to the GENERAL COVERAGE Conditions (in Section I-B), the following Conditions apply to the PROPERTY COVERAGE Agreements (Section II):

1. VALUATION

The Fund shall not be liable for loss or damage in excess of:

- a. With respect to real property, the value of the property according to the valuation method as defined below and as declared by the Named Member prior to the date of loss and shown on the Property Schedule.
 - (1) Replacement Cost (RC) – The lesser of the following: (a) the cost to repair or replace with new property of comparable material and quality at the time of loss and used for the same purpose without deduction for depreciation, and (b) the Building Value limit shown on the Property Schedule.
 - (2) Guaranteed Replacement Cost (GRC) – Replacement Cost without regard to the Building Value limit shown on the Property Schedule, where the cost to repair or replace the structure is no more than \$4,500,000. Where the cost to repair or replace a structure exceeds \$4,500,000, Replacement Cost without regard to the Building Value limit shown on the Property Schedule only applies to the first \$4,500,000 of loss. For any repair or replacement costs above \$4,500,000, the most the Fund will pay is the difference between 130% of the Building Value limit shown on the property Schedule and \$4,500,000.
 - (3) Historical Reconstruction Cost (HRC) – The least of the following: (a) the cost to repair or replace the damaged Building or specific Building attribute with the same materials, workmanship, and architectural features that existed at the time of loss or damage, provided they are reasonably available and used for the same purpose without deduction for depreciation. In the event that such materials, workmanship and architectural features are not reasonably available, Historical Reconstruction Cost means the cost to repair or replace with reasonably available materials, workmanship, and architectural features that most closely resemble those that existed at the time of loss or damage; (b) the Building Value limit shown on the Property Schedule applicable to the damaged Building or specific Building attribute; and (c) Replacement Cost if the Named Member does not contract for repairs or replacement to restore the damaged Building or specific Building attribute for the same occupancy and use within one hundred eighty (180) days of the date of loss, unless a time extension has been granted in writing by the Fund.

- (4) Agreed Value (AV) – The lesser of: (a) the cost to repair or replace the property or (b) the Value shown on the Property Schedule.
- (5) Actual Cash Value (ACV) – Replacement Cost less depreciation, but in any event not more than the financial interest of the Named Member.
- b. With respect to Vacant Buildings, unless written authorization has been granted by the Fund, after a building has been vacant for sixty (60) consecutive days, it is no longer covered for Replacement Cost, Guaranteed Replacement Cost, Historical Reconstruction Cost, or Agreed Value. Instead, it is covered only for Actual Cash Value.
- c. With respect to all valuation methods above, it is a requirement hereunder that the Named Member repair or replace the damaged or destroyed Building in order to collect on a Replacement Cost, Guaranteed Replacement Cost, Historical Reconstruction Cost, or Agreed Value basis for loss or damage covered by this Coverage. Any loss of real or personal property which is not contracted for repair or replacement within one hundred eighty (180) days from the date of loss, unless a time extension has been granted in writing by the Fund, will be settled on an Actual Cash Value basis. If the Member decides to replace the destroyed or damaged property on another site, the cost of such site and site preparation work is not included hereunder. With the exception of Guaranteed Replacement Cost (GRC), in no case will the Fund pay more than the scheduled amount.
- d. With respect to Personal Property of the Named Member, the cost to repair or replace the property up to the Contents Value limit shown on the Property Schedule.
- e. With respect to Mobile Equipment and Firefighting Trucks, the value of the item according to the valuation method as defined below and as declared by the Named Member prior to the date of loss and shown on the Vehicle Schedule.
- (1) Modified Actual Cash Value – Amount needed to obtain a similar item as near to the age and condition of the damaged Mobile Equipment or total loss to Firefighting Trucks as is reasonably available. A similar item means a piece of Mobile Equipment/Firefighting Truck suited for the particular purpose for which the damaged or destroyed Mobile Equipment or Firefighting Truck was intended.
- (2) Agreed Value for Firefighting Trucks – The least of (a) the cost of repairing the damaged property; (b) the cost to replace a part or parts of the damaged property as of the time of the loss with a part or parts of the like kind and quality, without deduction for depreciation; (c) the cost to replace the entire covered Firefighting Truck and its permanently attached equipment as of the time of the loss with a comparable new Firefighting Truck and permanently attached equipment manufactured to current specifications or standards set by nationally recognized organizations such as NFPA or the U.S. Department of Transportation; and (d) the value stated in the Vehicle Schedule as applicable to the Firefighting Truck.

In addition to the costs of repairs or replacements as described above, the Fund shall pay up to an additional twenty-five percent (25%) of the “loss” for the actual costs that the Named Member incurs to render the lost or damaged parts of the covered Firefighting Truck in compliance with the latest safety or equipment standards mandated by governmental agencies or other nationally recognized standards-setting organizations. If, as a result of a covered cause of loss, an agency or organization requires recertification of the replaced, lost, or damaged parts, the Fund shall also pay those costs.

In the event that the estimated costs to repair a damaged covered Firefighting Truck exceed seventy-five percent (75%) of the value shown in the Vehicle Schedule and the Named Member chooses not to accept payment under (2)(a) or (2)(b) above, the Fund will pay the lesser of the amounts due the Named Member under (2)(c) or (2)(d) above. Should the Fund make settlement under (2)(c) or (2)(d), it shall have the rights to all recovery and salvage.

- f. With respect to library books, the Actual Cash Value at the time of the loss, up to the Contents value limit shown on the Named Member's Property Schedule.
- g. With respect to Automobiles and Watercraft, the Actual Cash Value of the Automobile or Watercraft at the time of the loss.
- h. With respect to Fine Arts, the Agreed Value shown on the Named Member's Property Schedule.
- i. With respect to Property in the Open, the Agreed Value shown on the Named Member's Property Schedule.
- j. With respect to Portable Equipment, Data Processing Systems Equipment, and Data Processing Media, the cost to repair or replace the property up to the property coverage limit.
- k. With respect to tax sale properties, the Actual Cash Value, at the time of the loss, but in any event not more than the financial interest of the Named Member. The "financial interest of the Named Member" means the price paid to acquire the property at tax sale together with any costs incurred to secure and protect the tax sale property.
- l. With respect to a Building addition under construction, the most the Fund will pay for loss or damage to the addition, as well as loss or damage to any materials, equipment, and supplies relating to the addition for which the Named Member has an ownership interest, is two million dollars (\$2,000,000) at each Building per Occurrence.
- m. With respect to road salt located in the Named Member's salt shed, the Fund will pay no more than \$5,000, and only if the loss is a result of a Covered Cause of Loss.

2. DEBRIS REMOVAL

- a. This Coverage covers the expense to remove debris of covered property caused by or resulting from a covered cause of loss that occurs during the policy period. The debris removal expenses will be paid only if they are reported to the Fund in writing within one hundred eighty (180) days of the date of loss.
- b. Debris Removal does not include expense to 1) extract Pollutants from land or water, or 2) remove, restore, or replace polluted land or water. There shall be no liability assumed for the expense of removal of any foundations.
- c. This Coverage applies in addition to the Named Member's Property Schedule limit.

3. REMOVAL FOR PRESERVATION

- a. This Coverage covers the expense and damage for up to sixty (60) days occasioned by removal of property from a building endangered by the perils covered against hereunder whenever such property is located or removed for preservation.
- b. This Coverage applies in addition to the Named Member's Property Schedule limit.

4. ARCHITECTS' FEES

- a. This Coverage covers the additional assessment involving architects' fees for consultations resulting from a covered loss. Fees are limited to seven percent (7%) of the cost of repair or replacement as determined under Section II-D. Condition 1: Valuation.
- b. This Coverage applies in addition to the limit stated on the Named Member's Property Schedule.

5. APPRAISAL

- a. In the event that the Member and Fund are unable to agree on the amount necessary to rebuild, repair, or replace damaged or destroyed property or the actual amount of reimbursement to be paid, each party shall name a competent and disinterested appraiser, and the two so chosen shall, before proceeding further, appoint a competent and disinterested arbitrator. The appraisers together shall obtain reconstruction estimates and calculate the amounts of reimbursement due, and if they fail to agree, shall submit their differences to the arbitrator for final determination.
- b. Each party shall pay the cost of its own appraiser, and the Member and Fund will equally share the cost of the arbitrator.

6. CIVIL AUTHORITY

Notwithstanding anything contained in this Coverage to the contrary, Property which is covered hereunder is also covered against the risk of damage or destruction by civil authority during a conflagration and for the purpose of retarding the same; provided that neither such conflagration nor such damage or destruction is caused or contributed to by war, invasion, revolution, rebellion, insurrection, or other hostilities or warlike operations.

7. ORDINANCE OR LAW

- a. If a Covered Cause of Loss occurs to a covered Building, the Fund will pay for:
 - (1) The loss to the undamaged portion of the covered Building caused by the enforcement of any ordinance or law that:
 - (a) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
 - (b) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the Named Member's premises; and
 - (c) Is in force at the time of loss.
 - (2) The cost to demolish and clear the site of undamaged parts of the covered Building caused by the enforcement of building, zoning or land use ordinances or laws.
 - (3) The increased cost to repair, rebuild or construct the covered Building caused by enforcement of building, zoning, land use or any other ordinance or law when the covered Building is covered by the Named Member for replacement cost. If the covered Building is repaired or rebuilt, it must be intended for similar occupancy as the current Building, unless otherwise required by zoning or land use ordinance or law.

The Fund will not pay for increased construction costs until the covered Building is actually repaired or replaced, at the same location or elsewhere; and unless the repairs or replacement are made as soon as reasonably possible after the loss or damage but not to exceed 180 days. The Fund may extend this period in writing.

The most the Fund will pay for loss or damage under this Property Coverage Condition is the increased cost of construction repair or replacement:

- (a) Of a building of the same size and at the same premises, or another premises if required by the ordinance or law; and
 - (b) Limited to the minimum requirements of such ordinance or law regulating the repair or reconstruction of the damaged property on the same site.
- (4) Ordinance or Law Coverages do not apply to:
- (a) Vacant Buildings;
 - (b) Any loss due to the Member's failure to comply with any ordinance or law that the Member was required to comply with before the loss, even if the covered Building was undamaged; and
 - (c) Costs associated with the enforcement of any ordinance or law that requires the Member or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of Pollutants, including Asbestos or lead.
 - (d) The purchase of land for any reason.
- b. This Coverage applies in addition to the Named Member's Property Schedule limit.

8. EXPENSE TO REDUCE OR PREVENT LOSS

This Coverage covers such expenses as are necessarily incurred after a covered loss occurs for the purpose of reducing or preventing any further loss under this Coverage not exceeding, however, the amount by which the loss under this Coverage is thereby reduced. The Member shall obtain the Fund's written consent before incurring such expenses.

9. NEWLY ACQUIRED PROPERTY

This Coverage covers newly acquired property automatically for a period of ninety (90) days. All newly acquired Buildings must be reported to the Fund in order to continue coverage after this ninety (90) days. Additions, newly acquired locations, and new Buildings with property values of five million dollars (\$5,000,000) or more are not automatically covered for ninety (90) days and must be reported to the Fund in order for coverage to be effective.

10. HISTORICAL BUILDING ATTRIBUTE RESEARCH

For Buildings covered on a Historical Replacement Cost (HRC) basis, this Coverage covers the Named Member up to twenty-five thousand dollars (\$25,000) for any one occurrence for research costs to consult with the Local Register, National Register, National Landmark Register of Historical Places, Preservation Trust of Vermont, National Trust for Historical Preservation, or local experts to determine the Building's specific building attributes, original materials, and design.

Draft for DFER Approval

II-E. Property Coverage EXTENSIONS

Covered Bridge and Pedestrian Footbridge Extension

1. PROPERTY COVERED

This Coverage covers Covered Bridges and Pedestrian Footbridges owned by the Named Member. To be covered, a Covered Bridge or Pedestrian Footbridge must be specifically reported to the Fund and shown on the Member's Property Schedule. Covered Bridges and Pedestrian Footbridges with a scheduled value of more than five hundred thousand dollars (\$500,000) require an appraisal obtained by, and at the expense of, the Named Member to be submitted and accepted by the Fund. Unintentional Errors and Omissions in Property Scheduling under Section II-B 1. (page 16) does not apply to Covered Bridges and Pedestrian Footbridges.

2. DEFINITIONS

In addition to the GENERAL COVERAGE Agreements, Conditions, Exclusions, and Definitions (listed in Section I-A, I-B I-C, and I-D) and the PROPERTY COVERAGE Definitions (listed in Section II-B), the following Definitions apply to this Covered Bridge and Pedestrian Footbridge Extension:

a. COVERED BRIDGE

The term "Covered Bridge" wherever used in this Extension means a wooden bridge with enclosed sides and a roof, primarily made of wood.

b. PEDESTRIAN FOOTBRIDGE

The term "Pedestrian Footbridge" wherever used in this Extension means a bridge designed and used for pedestrian, bicycle, golf cart, animal, or equestrian traffic, rather than vehicular traffic.

3. PROPERTY EXCLUDED

Abutments, structural supports, wing walls, piers, and pilings of Covered Bridges and Pedestrian Footbridges.

4. PERILS COVERED

This Extension covers against all risks of direct physical loss or damage to the property covered, except as hereinafter provided.

5. PERILS EXCLUDED

The GENERAL COVERAGE Exclusions (listed in Section I-C) and the PROPERTY COVERAGE Exclusions (listed in Section II-C) apply to this PROPERTY COVERAGE Covered Bridge and Pedestrian Footbridge Extension.

6. VALUATION

Agreed Value (AV) – The Fund will pay the lesser of: (a) the cost to repair or replace the covered property and (b) the Value shown on the Named Member's Property Schedule. In no case will the Fund pay more than the scheduled amount.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Data Processing Systems Equipment Extension**1. PROPERTY COVERED**

Data Processing Systems Equipment means programmable electronic equipment that is used to store, retrieve and process data, and associated peripheral equipment that provides communication and/or video, including input and output functions such as printing and auxiliary functions such as data transmission and component parts thereof owned by the Named Member or leased, rented, or under the control of the Named Member. Data Processing Systems Equipment does not include property used to operate production type machinery or equipment.

2. PROPERTY EXCLUDED

- a. Data Processing Media;
- b. Accounts, bills, money, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts, or other documents;
- c. Property rented or leased to others while away from the premises of the Named Member.

3. PERILS COVERED

This Coverage covers against Covered Causes of Loss except as hereinafter provided.

4. PERILS EXCLUDED

In addition to the GENERAL COVERAGE Exclusions (listed in Section I-C) and the PROPERTY COVERAGE Exclusions (listed in Section II-C), this PROPERTY COVERAGE Data Processing Systems Equipment Extension does NOT cover against loss, damage, or expense caused directly or indirectly by:

- a. Damage due to mechanical failure, faulty construction, or error in design, unless fire or explosion ensues, and then only for loss, damage, or expense caused by such ensuing fire or explosion; or
- b. Depreciation; or
- c. Any dishonest, fraudulent, or criminal act by a Member, whether acting alone or in collusion with others; or
- d. Dryness or dampness of atmosphere, extremes of temperature, corrosion, or rust, unless directly resulting from a covered cause of loss to the Data Processing Systems Equipment's HVAC facilities caused by a peril not excluded by the provisions of this Extension.

5. VALUATION

Replacement cost – The Fund will pay the lesser of the following: (a) the cost to repair or replace with new property of comparable capacity and (b) the limit shown on the Declarations Page..

6. DIFFERENCE IN CONDITIONS

It is a condition of this Coverage that the Member shall file with the Fund a copy of any lease or rental agreement pertaining to the property covered hereunder at time of loss insofar as concerns the lessor's coverage or liability for loss or damage to said property, and coverage afforded hereunder shall be only for the excess of that available to lessor in said lease or rental agreement and the terms of this Extension.

7. LIMIT OF COVERAGE

The most the Fund will pay under this Extension is included in the Data Processing Systems Equipment limit of coverage as stated on the Declarations Page.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Data Processing Media Extension

1. PROPERTY COVERED

Data Processing Media of the Named Member

2. PROPERTY EXCLUDED

Accounts, bills, money, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts, and other documents, except as they may be converted to Data Processing Media form, and then only in that form; and any Data Processing Media which cannot be replaced with other of like kind and quality.

3. PERILS COVERED

This Extension covers against all Covered Causes of Loss.

4. PERILS EXCLUDED

In addition to the GENERAL COVERAGE Exclusions (Section I-C) and the PROPERTY COVERAGE Exclusions (Section II-C), this PROPERTY COVERAGE Data Processing Media Extension does NOT cover against loss, damage, or expense resulting from or caused directly or indirectly by:

- a. Any interruption in electric power supply by power surge or brown out originating more than one hundred feet (100') away from the building containing the property covered; or
- b. Any interruption in connectivity or transmission speed to the internet; or
- c. Dryness or dampness of atmosphere, extremes of temperature, corrosion, or rust, unless directly resulting from physical damage to the Data Processing Systems Equipment's HVAC facilities caused by a peril not excluded by the provisions of this Extension; or
- d. Depreciation; or
- e. Any dishonest, fraudulent, or criminal act by a Member, whether acting alone or in collusion with others; or
- f. Any third party computer intrusion, manipulation, random computer attack, hacking event, or computer virus. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

5. VALUATION

The Fund will pay up to the actual cost of replacing or reproducing the lost or damaged data from backup or duplicate non-software sources or the actual cost of a re-license fee. If it is not replaced or reproduced, the Fund will pay the cost of replacing the blank tapes, cartridges, or other media.

6. LIMIT OF COVERAGE

The most the Fund will pay under this Extension is included in the Data Processing Media Extension limit of coverage as stated on the Declarations Page.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Data Processing Extra Expense Extension

1. SUBJECT OF COVERAGE AND PERILS COVERED

This Extension covers against the necessary Extra Expense, as hereinafter defined, incurred by the Named Member in order to continue as nearly as practicable its Normal operation immediately following damage to or destruction of the Data Processing Systems Equipment including equipment and component parts thereof and Data Processing Media owned, leased, rented or under the control of the Named Member, as a direct result of a Covered Cause of Loss.

This Extension covers Extra Expense when, as a direct result of a Covered Cause of Loss, (1) the premises in which the property is located is so damaged as to prevent access to such property, or (2) the air conditioning system or electrical system necessary for the operation of the Data Processing Systems Equipment is so damaged as to reduce or suspend the Named Member's ability to actually perform the operations normally performed by the data processing system.

If the above described property is destroyed or so damaged by the perils covered against occurring during the term of this Extension as to necessitate the incurrence of Extra Expense (as defined in this Extension), the Fund shall pay for the Extra Expense so incurred, not exceeding the actual loss sustained and not exceeding the Period of Restoration (as defined in this Extension).

2. DEFINITIONS

In addition to the GENERAL COVERAGE Agreements, Conditions, Exclusions, and Definitions (Sections I-A, I-B, I-C, and I-D) and the PROPERTY COVERAGE Definitions (listed in Section II-B), the following Definitions apply to this PROPERTY COVERAGE Data Processing Extra Expense Extension:

a. EXTRA EXPENSE

The term "Extra Expense" as used in this Extension means the excess, if any, of the total cost incurred during the Period of Restoration chargeable to the municipal operation of the Named Member over and above the total cost that would normally have been incurred to conduct operations during the same period if no damage or destruction had occurred. Any salvage value of property which was obtained for temporary use during the Period of Restoration and which remains after the resumption of Normal operations shall be taken into consideration in the adjustment of any loss hereunder. Municipal Income and Extra Expense includes Data Processing Extra Expense.

b. NORMAL

The term "Normal", wherever used in this Extension, means the condition that would have existed had no loss occurred.

c. PERIOD OF RESTORATION

The term "Period of Restoration" is defined as commencing with the date of damage or destruction and not limited by the date of expiration of this Extension as shall be required with the exercise of due diligence and dispatch to repair, rebuild, or replace such part of said property as may be destroyed or damaged.

3. EXCLUSIONS

In addition to the GENERAL COVERAGE Exclusions (listed in Section I-C) and the PROPERTY COVERAGE Exclusions (listed in Section II-C), it is a Condition of this Data Processing Extra Expense Coverage that the Fund shall NOT pay for Extra Expense incurred as a result of:

- a. Any local or state ordinance or law regulating construction or repair of buildings; or
- b. The suspension, lapse, or cancellation of any lease, license, contract, or order; or
- c. Interference at premises by strikers or other persons with repairing or replacing the property damaged or destroyed or with the resumption or continuation of the Named Member's occupancy; or
- d. Loss or destruction of accounts, bills, money, evidence of debt, valuable papers, records, abstracts, deeds, manuscripts, or other documents except as they may be converted to data processing media form and then only in that form; or
- e. Loss of or damage to property rented or leased to others while away from the premises of the Named Member; or
- f. Programming errors or faulty machine instructions; or
- g. Depreciation; or
- h. Any dishonest, fraudulent, or criminal act by a Member, whether acting alone or in collusion with others.

In no event shall the Fund pay for any direct or indirect property damage loss insurable under property damage policies, or for expenditures incurred in the purchase, construction, repair, or replacement of any physical property unless incurred for the purpose of reducing any loss under this Extension not exceeding the amount in which the loss is so reduced.

4. RESUMPTION OF OPERATIONS

As soon as practicable after any loss, the Named Member shall resume complete or partial operations of the covered property and, in so far as practicable, reduce or dispense with such additional charges and expenses as are being incurred.

5. INTERRUPTION BY CIVIL AUTHORITY

This Coverage is extended to include necessary Extra Expense incurred by the Named Member as covered hereunder, during the length of time, not exceeding two (2) consecutive weeks, when, as a direct result of damage to or destruction of property adjacent to the premises herein described by the peril(s) insured against, access to such described premises is specifically prohibited by order of civil authority.

6. LIMIT OF COVERAGE

The most the Fund will pay under this Extension is included in the Municipal Income and Extra Expense limit of coverage as stated on the Declarations Page.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Valuable Papers and Records Extension

1. PROPERTY COVERED

The Fund agrees to indemnify the Named Member with respect to loss or damage to Valuable Papers and Records (referred to as Valuable Papers).

2. THIS EXTENSION COVERS AGAINST

All risks of direct physical loss of or damage to Valuable Papers covered, except as hereinafter provided.

3. DEFINITIONS

In addition to the GENERAL COVERAGE Agreements, Conditions, Exclusions, and Definitions (listed in Section I-A, I-B I-C, and I-D) and the PROPERTY COVERAGE Definitions (listed in Section II-B), the following Definitions apply to this PROPERTY COVERAGE Valuable Papers and Records Extension:

a. VALUABLE PAPERS AND RECORDS

The term “Valuable Papers and Records” wherever used in this Extension means written, printed, or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts, but does not mean Money or Securities.

b. PREMISES

The term “Premises” means the interior of the portion of the building, which is occupied by the Named Member for municipal operations.

c. MONEY

The term “Money” means currency, coins, bank notes, and bullion; and travelers checks, registered checks, and money orders held for sale to the public.

d. SECURITIES

The term “Securities” mean all negotiable and non-negotiable instruments or contracts representing either Money or other property, including revenue and other stamps in current use, tokens, and tickets, but not including Money.

4. PROTECTION OF VALUABLE PAPERS AND RECORDS

The Coverage under this Extension shall apply only while the Valuable Papers are contained in the Premises of the Named Member, provided that the Valuable Papers are kept in protective receptacle(s) at all times when the Premises are not open for business, except while such Valuable Papers are in actual use.

5. AUTOMATIC EXTENSION

Such Coverage as is afforded by this Extension applies while the Valuable Papers are being conveyed outside the Premises and while temporarily within other premises, except for storage.

6. REMOVAL

Such Coverage as is afforded by this Extension applies while the Valuable Papers are being removed to and while at a place of safety because of imminent danger of loss and while being returned from such place, provided the Named Member gives written notice to the Fund of such removal within ten (10) days thereafter.

7. EXCLUSIONS

In addition to the GENERAL COVERAGE Exclusions (Section I-C) and the PROPERTY COVERAGE Exclusions (Section II-C), this Extension does NOT apply to:

- a. Loss or damage due to any dishonest, fraudulent, or criminal act by any Member, whether acting alone or in collusion with others; or
- b. Loss of or damage to Valuable Papers, if such Valuable Papers cannot be replaced with others of like kind or quality; or
- c. Loss of or damage to Valuable Papers held as samples or for sale or delivery after sale;
- e. Loss due to electrical or magnetic injury, disturbance, or erasure of electronic recordings, except by lightning; or
- f. Losses covered under Data Processing Equipment Extension or Data Processing Media Extension.

8. SPECIAL CONDITIONS

a. OWNERSHIP OF VALUABLE PAPERS: INTERESTS COVERED

The covered Valuable Papers may be owned by the Named Member or held by it in any capacity, provided that the Coverage applies only to the interest of the Named Member in such Valuable Papers, including the Named Member's liability to others, and does not apply to the interests of any other person or organization in any of said Valuable Papers unless included in the Named Member's proof of loss.

b. LIMITS OF LIABILITY; VALUATION; SETTLEMENT OPTION

The limit of the Fund's liability for loss shall not exceed the actual cash value of the Valuable Papers at time of loss or what it would then cost to repair or replace the Valuable Papers with others of like kind and quality. The Fund may pay for the loss in money or may repair or replace the Valuable Papers and may settle any claim for loss of the Valuable Papers with either the Named Member or the owner thereof.

9. LIMIT OF COVERAGE

The most the Fund will pay under this Extension is the Valuable Papers and Records limit of coverage as stated on the Declarations Page.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Accounts Receivable Extension

1. COVERAGE

Subject to the terms, conditions, limitations and exclusions of the Coverage to which this Extension is attached, and also subject to the following terms, conditions, limitations and exclusions, this Coverage is extended to cover:

- a. All sums due to the Named Member from customers, provided the Named Member is unable to effect collection thereof as the direct result of loss of or damage to records of accounts receivable; and
- b. Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage; and
- c. Collection expense in excess of normal collection cost and made necessary because of such loss or damage; and
- d. Other expenses when reasonably incurred by the Named Member in re-establishing records of accounts receivable following such loss or damage.

2. PERILS COVERED

All risks of direct physical loss or damage to the Named Member's records of accounts receivable occurring during the Period of Coverage, as hereinafter provided.

3. PERILS EXCLUDED

In addition to the GENERAL COVERAGE Exclusions (listed in Section I-C) and the PROPERTY COVERAGE Exclusions (listed in Section II-C), this PROPERTY COVERAGE Accounts Receivable Extension does NOT apply to:

- a. Loss due to any fraudulent, dishonest, or criminal act by any Member, whether acting alone or in collusion with others; or
- b. Loss due to bookkeeping, accounting, or billing errors or omissions; or
- c. Loss, the proof of which as to factual existence is dependent upon an audit of records or an inventory computation; however, this Exclusion shall not preclude the use of an audit of records or an inventory computation in support of a claim for loss when the Named Member can prove, through completely separate evidence, that the loss is due solely to a loss of records of accounts receivable not otherwise excluded in this Exclusion; or
- d. Loss due to alteration, falsification, manipulation, concealment, destruction, or disposal of records of accounts receivable 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; or
- e. Loss due to electrical or magnetic injury, disturbance, or erasure of electronic recordings, except by lightning.

4. CONDITIONS

a. RECOVERIES

After payment of loss, all amounts recovered by the Named Member on accounts receivable for which the Named Member has been indemnified shall belong and be paid to

the Fund by the Named Member up to the total of loss paid by the Fund; but all recoveries in excess of the total paid by the Fund shall belong to the Named Member.

b. MEMBER'S DUTIES UPON OCCURRENCE OF LOSS

Upon the occurrence of any loss which may result in a claim hereunder, the Member shall:

- (1) Give notice thereof as soon as practicable to the Fund and, if the loss is due to a violation of law, also to the police; and
- (2) File detailed proof of loss, duly sworn to, with the Fund promptly, and in all cases within ninety (90) days from the date on which the records of accounts receivable were lost or damaged; and
- (3) Upon the Fund's request, the Member shall submit to examination by the Fund, subscribe the same, under oath if required, and produce for the Fund's examination all pertinent records, all at such reasonable times and places as the Fund shall designate, and shall cooperate with the Fund in all matters pertaining to loss or claims with respect thereto, including rendering of all possible assistance to effect collection of outstanding accounts receivable.

c. DETERMINATION OF RECEIVABLES; DEDUCTION

- (1) When there is proof that a loss covered by this Extension has occurred but the Named Member cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the Named Member's monthly statements and shall be computed as follows:
 - (a) Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
 - (b) Calculate the percentage of increase or decrease in the average monthly total of accounts receivable for either the twelve (12) months immediately preceding the month in which the loss occurs, or such part of the immediately preceding twelve (12) months for which the Named Member has furnished monthly statements to the Fund, as compared with such average for the same months of the preceding year;
 - (c) The amount determined under (a) above, as increased or decreased by the percentage calculated under (b) above, shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;
 - (d) The amount determined under (c) above shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the municipality since the last day of the last fiscal month for which statement has been rendered.
- (2) There shall be deducted from the total amount of accounts receivable, however determined:
 - (a) the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Named Member, and
 - (b) an amount to allow for probable bad debts which would normally have been uncollectible by the Named Member, and

(c) all unearned interest and service charges.

5. LIMIT OF COVERAGE

The most the Fund will pay under this Extension is the Accounts Receivable limit of coverage as stated on the Declarations Page.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Draft for DFR Approval

Property In Transit Extension

1. PROPERTY COVERED

The Fund agrees to indemnify the Named Member with respect to loss or damage to Property in Transit. Property in Transit means property while in the custody of the carrier or messenger for hire:

- a. until the property is delivered at its destination; or
- b. if the property is not delivered until it is returned to the Named Member.

The Fund also covers the property held temporarily in storage prior to delivery to its destination or its return to the Named Member.

In or on any vehicle the Named Member owns or operates while in transit from the time the vehicle leaves the premises where the shipment begins until the vehicle arrives at its destination.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Accounts, bills, currency, deeds, evidences of debt, money, notes, or securities;
- b. Jewelry, costume jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys, unless specifically scheduled.
- c. Paintings or other works of art unless specifically scheduled.
- d. Contraband or property in the course of illegal transportation or trade.

3. PERILS COVERED

All risks of direct physical loss or damage to Property in Transit are covered except as hereinafter provided.

4. PERILS EXCLUDED

In addition to the GENERAL COVERAGE Exclusions (listed in Section I-C) and the PROPERTY COVERAGE Exclusions (listed in Section II-C), this PROPERTY COVERAGE Property in Transit Extension does NOT apply to:

- a. Loss due to Governmental Action seizure or destruction of property by order of governmental authority;
- b. Loss due to war, including undeclared or civil war;
- c. Loss due to denting, chipping, marring, or scratching;
- d. Loss due to delay, loss of use, loss of market, or any other consequential loss;
- e. Any dishonest, fraudulent, or criminal act committed by a Member, whether acting alone or in collusion with others, or;
- f. Loss due to theft, unless it is theft of an entire shipping package;
- g. Neglect of a Member to use all reasonable means to save and preserve property from further damage at and after the time of loss.

5. CONDITIONS

The Fund shall pay for Property in Transit within the United States of America, Puerto Rico, and Canada.

a. LIMIT OF COVERAGE

The most the Fund will pay under this Extension is the Property in Transit limit of coverage as stated on the Declarations Page.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Draft for DFR Approval

Municipal Income and Extra Expense Extension

1. COVERAGE

a. MUNICIPAL INCOME

The Fund agrees, subject to all terms, conditions, limitations, exclusions, and definitions applicable to Section II-A: Agreement A of this Coverage, to indemnify the Named Member for the actual loss of Municipal Income, including rental value, that the Named Member sustains due to the necessary suspension of the Named Member's operations during the Period of Restoration. The suspension must be caused by direct physical loss of or damage to property at the premises of the Named Member shown on the Property Schedule and on file with the Fund, including personal property in the open (or in a vehicle) within one hundred feet (100') of such premises and caused by or resulting from a Covered Cause of Loss.

b. EXTRA EXPENSE

The Fund agrees, subject to all terms, conditions, limitations, exclusions, and definitions applicable to Section II-A: Agreement A of this Coverage, to indemnify the Named Member for necessary Extra Expense incurred by the Named Member in order to continue as nearly as practicable the Normal Municipal Operation of the Named Member following damage to or destruction of tangible real or personal property of the Named Member by direct physical loss of or damage to the property at the premises of the Named Member shown on the Property Schedule and on file with the Fund, and caused by or resulting from a Covered Cause of Loss.

2. DEFINITIONS

In addition to the GENERAL COVERAGE Agreements, Conditions, Exclusions, and Definitions (listed in Section I-A, I-B, I-C, and I-D), and the PROPERTY COVERAGE Definitions (listed in Section II-B), the following Definitions apply to this PROPERTY COVERAGE Municipal Income and Extra Expense Extension:

a. MUNICIPAL INCOME

The term "Municipal Income" as used in this Extension means the total anticipated municipal income that would have been earned, including income from tenant occupancy of covered premises, less deductions for expenses normally incurred by the Named Member, that have been discontinued as a result of the physical loss or tangible damage to the covered premises. Included hereunder is the amount of all charges which are by terms of a lease agreement the legal obligations of the tenant but which would otherwise be the Named Member's obligations.

b. EXTRA EXPENSE

The term "Extra Expense" as used in this Extension means the excess, if any, of the total cost incurred during the Period of Restoration chargeable to the municipal operation of the Named Member over and above the total cost that would normally have been incurred to conduct operations during the same period if no damage or destruction had occurred. Any salvage value of property which was obtained for temporary use during the Period of Restoration and which remains after the resumption of Normal operations shall be taken into consideration in the adjustment of any loss hereunder. Municipal Income and Extra Expense includes Data Processing Extra Expense.

c. **PERIOD OF RESTORATION**

The term “Period of Restoration” as used in this Extension means that period which:

- (1) Begins with the date of direct physical loss or damage to covered property caused by or resulting from a Covered Cause of Loss at the covered premises; and
- (2) Ends on the date when the covered premises should be repaired, rebuilt, or replaced with reasonable speed and of similar quality.

d. **OPERATIONS**

The term “Operations” as used in this Extension means the Named Member’s municipal activities occurring at the premises subject to the loss, including the tenant ability of any leased premises.

e. **NORMAL**

The term “Normal” as used in this Extension means the condition that would have existed had no loss occurred.

3. CONDITIONS

- a. There shall be no coverage for Extra Expense for damage to or destruction of personal property unless the loss occurred on the premises occupied by the Named Member and the personal property was on the premises occupied by the Named Member at the time of loss.
- b. The Fund shall pay for Extra Expense or loss of Municipal Income for only such length of time as would be required with the exercise of due diligence and dispatch, and limited to a period of six (6) months, to rebuild, repair, or replace such part of the property as has been damaged or destroyed, commencing with the date of damage or destruction and not limited by the date or expiration of this Coverage. At its discretion, the Fund may in writing extend the six-month limit by a specific length of time.
- c. As soon as practical, the Named Member shall resume normal municipal operations and dispense with Extra Expense.

4. EXCLUSIONS

In addition to the GENERAL COVERAGE Exclusions (listed in Section I-C) and the PROPERTY COVERAGE Exclusions (listed in Section II-C), this PROPERTY COVERAGE Municipal Income and Extra Expense Extension does NOT include any claim for recovery which may be occasioned by:

- a. Any ordinance or law regulating construction or repair of buildings or structures;
- b. Suspension, lapse, or cancellation of any lease, contract, or order;
- c. Interference by strikers or other persons with rebuilding, repairing, or replacing property, or with the resumption or continuation of operations.
- d. Lost revenue from power generation failure or interruption.

5. EXTENSION

- a. The Fund will also pay for the actual loss of Municipal Income the Named Member sustains and necessary Extra Expense caused by action of civil authority that prohibits access to covered premises of the Named Member due to direct physical loss of or damage to

property caused by or resulting from a Covered Cause of Loss, other than at the Named Member's premises. This coverage shall apply for a period of up to two (2) consecutive weeks from the date of the action by the civil authority.

- b. The Fund will also pay for the actual loss of Municipal Income the Named Member sustains during the period that
 - (1) Begins at the end of the Period of Restoration; and
 - (2) Ends on the earlier of:
 - (a) The date the Named Member could restore operations with reasonable speed to the level which would have existed if no physical loss or damage occurred, or
 - (b) Ninety (90) consecutive days after the date in (1) above.
- c. However, Extended Municipal Income does not apply to loss of Municipal Income incurred as a result of unfavorable conditions caused by the impact of the Covered Cause of Loss in the area where the covered premises are located.

6. LIMIT OF COVERAGE

The most the Fund will pay under this Extension is the Municipal Income and Extra Expense limit of coverage as stated on the Declarations Page.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Mold or Other Fungi, Wet or Dry Rot, Virus, or Bacteria Extension

1. PERILS COVERED

Notwithstanding Section II-C: Property Coverage Exclusion 1.b. (page 20), there shall be coverage, subject to all applicable limitations, terms, and conditions, for loss caused by Mold or other Fungi, Wet or Dry Rot, Virus, or Bacteria subject to the additional conditions, limitations, and exclusions stated herein.

2. CONDITIONS

The loss must arise and result from a Specified Cause of Loss and be an Occurrence as defined in Section II-B Property Coverage Definitions.

3. PERILS EXCLUDED

The Fund will not pay for:

- a. The costs associated with the enforcement of any ordinance, regulation, or law which requires the Named Member or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize respond to in any way, or assess the effects of Mold or other Fungi, Wet or Dry Rot, Virus, or Bacteria. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
- b. Mold or other Fungi, Wet or Dry Rot, Virus, or Bacteria loss or damage caused by or resulting from water or steam that seeps or leaks, or the presence or condensation of humidity, moisture, or vapor that occurs over a period of fourteen (14) days or more. This exclusion includes water seepage through foundation floors.
- c. Any loss under the Municipal Income and Extra Expense Extension due to Mold or other Fungi, Wet or Dry Rot, Virus, or Bacteria.
- d. Loss resulting from a Member's failure to notify the Fund of Mold or other Fungi, Wet or Dry Rot, Virus, or Bacteria within thirty (30) days of the date on which the covered cause of loss occurs or may have been known to a Member.

4. LIMITS OF COVERAGE

The most the Fund will pay under this Extension is the Mold or other Fungi, Wet or Dry Rot, Virus, or Bacteria limit of coverage as stated on the Declarations Page. This Extension is subject to an annual aggregate limit for all Fund Members combined.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Pollution Removal and Cleanup Extension

1. PERILS COVERED

Notwithstanding Section I-C: General Coverage Exclusion 1 (page 8), in the event of a direct physical loss or damage to property covered as stated under Section II-A: Agreement A (page 14), this Coverage will include expenses to extract Pollutants from the land or water at the covered property if the discharge, dispersal, seepage, migration, release, or escape of the Pollutants is caused by or results from a Covered Cause of Loss that occurs during the Period of Coverage.

2. CONDITION

The expenses will be paid only if they are reported to the Fund in writing within one hundred eighty (180) days of the date on which the Covered Cause of Loss occurs.

3. PERILS EXCLUDED

Coverage does not include costs to test for, monitor, or assess the existence, concentration, or effect of Pollutants except the Fund will pay for testing which is performed in the course of extracting the Pollutants from the land or water.

4. LIMIT OF COVERAGE

The most the Fund will pay under this Extension for each covered premises for the sum of all covered expenses during the Period of Coverage is the Pollution Removal and Cleanup Limit of Coverage stated on the Declarations Page.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Asbestos Material Repair, Replacement and Abatement Extension

1. PERILS COVERED

Notwithstanding Section I-C: General Coverage Exclusion 2, in the event of a direct physical loss or damage to covered property caused by or resulting from a Covered Cause of Loss, the Fund will pay for the cost to repair, replace, and abate asbestos material and to remove the asbestos material debris from the property if the asbestos itself is physically damaged or destroyed by the Covered Cause of Loss.

2. PERILS EXCLUDED

- a. In no event is this Extension to cover the costs of storage of, or for, any asbestos material.
- b. The Fund will not pay for any loss, damage, loss of use, or for any costs associated with the enforcement of any ordinance, regulation, or law which requires the Named Member or anyone else to test for, monitor, clean up, remove, repair, modify, contain, treat, detoxify, neutralize, respond in any way to, or assess the effects of asbestos or asbestos-containing material. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

3. LIMITS OF COVERAGE

The most the Fund will pay under this Extension is the Asbestos Abatement limit of coverage as stated on the Declarations Page. This Extension is subject to an annual aggregate limit for all Fund Members combined.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Machinery and Equipment Breakdown Extension

1. COVERAGE

Notwithstanding Section II-C Property Coverage Exclusion 1.k. (page 22), and notwithstanding Section II-C Property Coverage Exclusion 1.f. (page 21) stating there is no coverage for loss of electrical appliances or devices of any kind, including wiring, arising from electrical injury or disturbance to the said electrical appliances or devices or wiring from artificial causes, Coverage is extended as follows:

a. COVERAGE CLAUSE

The Fund agrees, subject to all terms, conditions, limitations, exclusions, and definitions applicable to Section II-A: Agreement A and also subject to the Municipal Income and Extra Expense Extension, to indemnify the Named Member for loss or damage caused by a Covered Cause of Loss as defined within this Extension.

b. COVERED CAUSES OF LOSS

Covered Cause of Loss is an Accident. Accident means a fortuitous event that causes direct physical damage to Covered Equipment. The event must be one of the following:

- (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (2) Artificially generated electric current, including electrical arcing, that damages electrical devices, appliances, or wires;
- (3) Explosion, other than combustion explosion, of steam boilers, steam piping, steam engines, or steam turbines;
- (4) An event inside steam boilers, steam pipes, steam engines, or steam turbines that damages such equipment;
- (5) An event inside hot water boilers or other water heating equipment that damages such equipment; or
- (6) Bursting, cracking, or splitting.

2. DEFINITION OF COVERED EQUIPMENT

In addition to the GENERAL COVERAGE Agreements, Conditions, Exclusions, and Definitions (listed in Section I-A, I-B I-C, and I-D), the following Definition applies to this Extension:

a. COVERED EQUIPMENT

The term “Covered Equipment” when used in this Extension, unless otherwise excluded, means:

- (1) Equipment that generates, transmits, or utilizes energy, including electronic communications and data processing equipment; or
- (2) Equipment which, during normal usage, operates under vacuum or pressure, other than the pressure of the weight of its contents.

3. PERILS EXCLUDED

This Extension does not cover against loss, damage, or expense caused by or resulting from:

- a. Depletion, deterioration, corrosion, erosion, wear and tear, or rust. But if loss or damage from a peril covered under this Extension results, the Fund will pay for the resulting loss or damage.
- b. Water or other means to extinguish a fire, even when the attempt is unsuccessful.
- c. Explosion other than explosion of any steam boiler, steam piping, electric steam generator, steam turbine, gas turbine, steam engine, or other moving or rotating machinery when the explosion is caused by centrifugal force or mechanical breakdown.
- d. Explosion of gases or unconsumed fuel within the furnace of any boiler or fired vessel or within the passages from that furnace to the atmosphere.
- e. Lightning; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; or vandalism.
- f. Falling objects; weight of snow, ice, or sleet; freezing caused by cold weather; collapse; molten material.
- g. Water damage caused by the discharge or leakage of a sprinkler system, sewer piping, or domestic water piping.
- h. Fire, including fire resulting from an Accident.
- i. Flood, surface water, waves, tides, tidal waves, tsunami, overflow of any body of water, or their spray, all whether driven by wind or not; mudslide or mudflow; or water that backs up or overflows from a sewer, drain, drainage piping, or sump.

However, if electrical Covered Equipment requires drying out because of the above, the Fund will pay for the amount the Named Member spends to dry out such equipment. The Fund will not pay more than the Actual Cash Value of the affected electrical Covered Equipment. The Fund will not pay to replace such equipment for any other loss, damage, or expense.

- j. Any earth movement, including but not limited to earthquake, landslide, subsidence, volcanic action, sinkhole collapse, or earth sinking.
- k. Any accident to Covered Equipment that takes place while the Covered Equipment is undergoing a test which subjects the Covered Equipment to greater than maximum allowable operating conditions as identified by the manufacturer of the Covered Equipment.
- l. Any defect, programming error, programming limitation, virus, loss of data, loss of access, loss of use, loss of functionality, or other condition within or involving data or media of any kind. However, if an Accident not otherwise excluded ensues, then this Coverage shall only cover loss or damage caused by the ensuing Accident.
- m. Loss to live animal(s) or any egg(s) intended to become live animals.

4. EXCEPTIONS TO EXCLUDED PERILS

The Perils Excluded in 3. (c) (d) (e) (f) (g) and (h) above shall not apply if:

- a. The excluded peril occurs away from any covered location and causes an electrical surge or other electrical disturbance; and
- b. Such surge or disturbance is transmitted through utility service transmission lines to the covered location and results in an Accident; and
- c. The loss, damage, or expense caused by such surge or disturbance is not covered under the Property Coverage Agreements (Section II-A).

5. ADDITIONAL EXCLUSIONS

- a. Equipment Exclusion: This Extension does not cover against loss, damage, or expense caused by or resulting from an Accident to any of the following:
 - (1) Structure, including but not limited to the structural portions of buildings and towers, scaffolding, and any air supported enclosure;
 - (2) Foundation;
 - (3) Cabinet, compartment, conduit, or ductwork;
 - (4) Insulating or refractory material;
 - (5) Piping or vessel buried or encased in the earth, concrete, or other material, whether above or below grade, or in an enclosure which does not allow access for inspection or repair;
 - (6) Waste, drainage, or sewer piping;
 - (7) Piping, valves, or fittings forming a part of a sprinkler or fire suppression system;
 - (8) Water piping that is not part of a closed loop used to conduct heat or cooling from a boiler or a refrigeration or air conditioning system;
 - (9) Any machine that is used for transportation or moves under its own power, including, but not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a covered location, and receives electrical power from an external power source will not be considered to be such equipment;
 - (10) Satellite, spacecraft, or any equipment mounted on a satellite or spacecraft;
 - (11) Dragline, excavation, or construction equipment;
 - (12) Equipment manufactured by the Named Member or Member for sale;
 - (13) Information or instructions stored in digital code capable of being processed by machinery;
 - (14) Media used in trickle filters or other sewage processing equipment, including but not limited to biological or plastic media; or Rotating Biological Contactors with respect to water/sewage plants.
- b. This Extension does not cover any Municipal Income, Extra Expense, or any other time element loss caused by or resulting from an Accident to equipment that is engaged in the generation, transmission, distribution, or replacement purchase of electrical power at a generating plant or substation.

- c. This Extension does not cover Electrical Generating Stations and Substations unless approved in writing by the Fund.
- d. With respect to Utility Interruption coverage, the Fund will not pay for delay in resuming operations due to the need to reconstruct or re-input data or programs on electronic, magnetic, or optical tapes and discs for use in any electronic computer or electronic data processing equipment.

6. EXTENSIONS OF COVERAGE

a. UTILITY INTERRUPTION

Municipal Income and Extra Expense coverages are extended to apply to the loss of equipment owned by a utility, landlord, or other supplier with which the Named Member has an agreement to be provided any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water, or steam. The most the Fund will pay for this Extension is the Utility Interruption limit stated on the Declarations Page.

b. EXPEDITING EXPENSES

With respect to Coverage under this Extension, the Fund will pay the reasonable extra cost to make temporary repairs or expedite permanent repairs or replacement.

The most the Fund will pay for this Extension is the Expediting Expense limit stated on the Declarations Page.

c. HAZARDOUS SUBSTANCE CONTAMINATION

- (1) With respect to Coverage under this Extension, the Fund will pay the additional cost to repair or replace covered property because of contamination by a hazardous substance. This Coverage includes the additional expenses to clean up or dispose of such property. This does not include contamination of perishable goods by refrigerant, including but not limited to ammonia.
- (2) As used in this subsection, the term “additional costs” means those costs beyond what would have been payable under this Machinery and Equipment Breakdown Extension had no hazardous substance been involved.
- (3) The Fund will also pay for the loss and expense, as defined under the Municipal Income and Extra Expense Extension, that is the result of (1) above, if such coverage is otherwise applicable under this Extension.
- (4) This Coverage is included within and subject to the Hazardous Substance Contamination limit stated on the Declarations Page.

d. PERISHABLE GOODS

- (1) The Fund will pay for:
 - (a) The Named Member’s loss of Perishable Goods due to spoilage; or
 - (b) The Named Member’s loss of Perishable Goods due to contamination from the release of refrigerant, including but not limited to ammonia; or
 - (c) The Named Member’s loss of Perishable Goods due to spoilage that is caused by or results from an interruption in utility services that is a direct result of an Accident to Covered Equipment owned by a utility, landlord, or other supplier with which

the Named Member has a contract to provide the Named Member with any of the following services: air conditioning, communications, electrical power, heating, gas, refrigeration, steam, waste disposal, or water. Coverage for such loss will begin twelve (12) hours after the time the breakdown causes the interruption of the utility service.

- (2) The Fund will also pay any necessary expense the Named Member incurs to reduce the amount of loss under this Extension. The Fund will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Extension.
- (3) The most the Fund will pay for any loss or expense under this Extension is the Perishable Goods limit stated on the Declarations Page.
- (4) Perishable Goods means Buildings and Contents of the Named Member as identified in Section II–A: Property Coverage Agreement A that are maintained under controlled conditions for their preservation and are susceptible to loss or damage if the controlled conditions change.

e. **WATER DAMAGE**

If the Named Member's Property is damaged by water as a direct result of a breakdown to Covered Equipment, the Fund will also pay for this kind of damage, including salvage expense. The most the Fund will pay under this Extension is the Water Damage limit stated on the Declarations Page.

f. **COMPUTER DATA AND MEDIA**

- (1) If computer-related media are damaged or electronic data is lost or corrupted as a direct result of a breakdown to Covered Equipment, the Fund will pay the Named Member's actual loss of Municipal Income and/or the Extra Expense incurred during the time necessary to:
 - (a) Research, recreate, replace, or restore the damaged media or lost or corrupted data; and
 - (b) Reprogram any covered computer equipment.
- (2) There shall be no coverage for data or media that cannot be replaced, recreated, or restored.
- (3) The most that the Fund will pay under this Extension is the Computer Data and Media limit stated on the Declarations Page.

g. **MOLD OR OTHER FUNGI, WET OR DRY ROT, OR BACTERIA**

- (1) If the Member's Property is damaged by Mold or Other Fungi, Wet or Dry Rot, or Bacteria as a direct result of a breakdown to Covered Equipment, the Fund will pay for this kind of damage, including salvage expense.
- (2) However, the Fund will not pay for:
 - (a) The costs associated with the enforcement of any ordinance, regulation, or law which requires the Named Member or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, respond in any way to, or assess the effects of Mold or Other Fungi, Wet or Dry Rot, or Bacteria. Such loss or damage

is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- (b) Mold or Other Fungi, Wet or Dry Rot, or Bacteria loss or damage caused by or resulting from water or steam that seeps or leaks, or the presence or condensation of humidity, moisture, or vapor, that occurs over a period of fourteen (14) days or more.
- (3) The most the Fund will pay under this Extension is the Mold or Other Fungi, Wet or Dry Rot, or Bacteria limit stated on the Declarations Page.

h. ELECTRICAL RISK IMPROVEMENT

The following Coverage under this extension applies in the event of the following: When Covered Equipment sustains direct physical loss or damage resulting from a Accident from artificially generated electric current (including arcing) that necessitates its repair or replacement, the Fund will pay up to an additional 10% of the amount the Fund actually pays for all loss of damage covered by this Coverage Document, not to exceed \$10,000, for costs the named member incurs to make material improvements to the Named Member's electrical system at the location of the loss.

This additional coverage does not pay for:

- (1) Stock, work in process, raw materials, finished goods or merchandise;
- (2) Any personal property of the Named Member's employees or officers;
- (3) Any covered property that is repaired or replaced due to direct physical loss of damage as covered by this Coverage Document;
- (4) Any Municipal Income or Extra Expense;

These expenses must be reported to the Fund in writing within 180 days of direct physical loss or damage covered by this Coverage Document. The limit for this additional coverage is part of, not in addition to the Machinery and Equipment Breakdown limit.

7. CONDITIONS

a. SUSPENSION

- (1) Whenever Covered Equipment is found to be in, or exposed to, a dangerous condition; or is unsatisfactory after an inspection, any of the Fund's agents or representatives may immediately suspend Coverage for that equipment. This can be done by delivering or mailing a written notice of suspension to:
 - (a) The Named Member's last known address, or
 - (b) The address where the equipment is located.
- (2) Once suspended in this way, Coverage can be reinstated only by an endorsement.
- (3) If the Fund suspends Coverage, the Named Member will receive a pro rata refund of contribution. But the suspension will be effective even if the Fund has not made or offered a refund.

b. WAITING PERIOD

(1) There shall be no Coverage for Utility Interruption loss or expense unless the period of interruption exceeds the Waiting Period. The Fund's liability then applies to the entire period of interruption, subject to any applicable deductible(s).

(2) The term "Waiting Period" means the first twenty-four (24) hours of a Utility Interruption.

c. VALUATION

If Covered Equipment is valued at replacement cost, cannot be repaired and requires replacement, the Named member may choose to apply the following provision.

New Generation Coverage – The Named Member may replace damaged Covered Equipment with a newer generation Covered Equipment with a newer generation Covered Equipment of the same capacity which improves the environment, increases efficiency or enhances safety. The Fund will pay up to 50% more than Covered Equipment of like kind and quality would have cost at the time of the Accident including such costs required to attain green or other environmental certifications.

This additional amount is included in, and is not in addition to, the applicable limit of insurance.

8. LIMIT OF COVERAGE

The most the Fund will pay under this Extension is the Machinery and Equipment Breakdown limit of coverage as stated on the Declarations Page.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Terrorism Extension

Notwithstanding the statement in Section II-C: Property Coverage Exclusion 1.i. (page 21) that Section II Coverage does not cover against loss or damage caused directly or indirectly by any Act of Terrorism, there shall be Coverage under Section II subject to all other applicable limitations, terms, and conditions stated herein and on the Declarations Page, for Terrorism. This Extension is subject to any one occurrence limit for all Fund Members combined.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Canine Mortality Extension

This Coverage Extension applies to the sudden and accidental death of or a permanently disabling injury to an official police dog owned by a Member as a result of law enforcement activities on behalf of the Named Member.

The Fund will reimburse the Named Member up to \$7,500 per animal for the procurement and training of a replacement canine of a police dog killed or permanently disabled in the line of duty. Veterinary care, sickness, disease, neglect, and abuse are not covered.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

SECTION III: CASUALTY COVERAGE

Draft for DFR Approval

III-A. Casualty Coverage AGREEMENTS

1. AGREEMENT C: GENERAL LIABILITY

The Fund hereby agrees, subject to the limitations, terms, and conditions hereunder stated, to: Indemnify and defend the Member for all sums which the Member shall be obligated to pay by reason of the liability imposed upon the Member by law or assumed by the Named Member under a Covered Contract, for damages direct or consequential, all as more fully defined by the term Ultimate Net Loss on account of a Personal Injury(ies) and/or Property Damage, suffered or alleged to have been suffered by any person or persons (excepting any obligation under any Workers' Compensation, Employer's Liability provision including FELA, Jones Act, and Longshoreman and Harbor Workers Act, Occupational Disease or similar statute) arising out of any Occurrence happening during the Period of Coverage.

The Fund may, at its discretion, investigate any occurrence and settle any claim or suit that may result. The amount that the Fund will pay for damages is limited as described in Section I-A. General Coverage Agreement 4: Limits of Liability.

For this Coverage to apply, both the (i) Occurrence and (ii) Personal Injury(ies) and/or Property Damage must take place during the Period of Coverage.

With respect to legal cost and expense to respond to a complaint lodged with the Vermont Human Rights Commission, the Fund will defend the Member for such proceedings, subject to the non-monetary defense limit of liability stated on the Declarations Page.

No other obligation or liability to pay sums or perform acts or services is covered unless provided for under a Coverage Amendment or Extension in Section III Casualty Coverage. No rights or defenses of the Fund are deemed waived by its conduct in providing a defense or investigating any claim or suit.

The Fund will have no duty to defend a Member against any suit to which this Coverage does not apply. The duty to defend shall end when the applicable limit of coverage has been paid by the Fund to or on behalf of the Member. In addition to covering the costs of defense, the Fund shall cover costs of investigation, appraisal, adjustment, settlement, or appeal of a specific claim, including court costs, appeal bonds and prejudgment and post judgment interest (unless included as part of the judgment).

2. AGREEMENT D: HOST AND/OR LIQUOR LIABILITY

In accordance with the provisions of the above Agreement C, the Fund agrees that indemnity and defense for the Member extends to liability for the sale or distribution of alcoholic beverages by reason of any local, state, or federal liquor control laws now in force and all laws amendatory thereto; and that such extension includes indemnity for loss of means of support.

3. AGREEMENT E: AUTOMOBILE LIABILITY

The Fund hereby agrees, subject to the limitations, terms, and conditions hereunder mentioned, to:

Indemnify and defend the Member for all sums which the Member shall be obligated to pay by reason of the liability imposed upon the Member by law or assumed by the Named Member under a Covered Contract, for damages direct or consequential, all as more fully defined by

the term Ultimate Net Loss, on account of an accident arising out of the ownership, maintenance, or use of any Automobile and resulting in Personal Injury(ies) and/or Property Damage. Both the accident and the resulting Personal Injury(ies) and/or Property Damage must take place during the Period of Coverage.

The Fund will have no duty to defend a Member against any suit to which this Coverage does not apply. The duty to defend shall end when the applicable limit of coverage has been paid by the Fund to or on behalf of the Member. In addition to covering the costs of defense, the Fund shall cover costs of investigation, appraisal, adjustment, settlement, or appeal of a specific claim, including court costs, appeal bonds, and prejudgment and post judgment interest (unless included as part of the judgment).

The Fund may, at its discretion, investigate any occurrence and settle any claim or suit that may result. The amount the Fund will pay for damages is limited as described in Section I-A. General Coverage Agreement 4: Limits of Liability.

No other obligation or liability to pay sums or perform acts or services is covered unless provided for under a Coverage Amendment or Extension in Section III Casualty Coverage. No rights or defenses of the Fund are deemed waived by its conduct in providing a defense or investigating any claim or suit.

4. LIMITED POLLUTION COVERAGE AMENDMENT

Notwithstanding Section I-C. General Coverage Exclusion 1: Total Pollution, there shall be coverage under Agreement C subject to all applicable limitations, terms, and conditions, including the per occurrence and aggregate limit applicable to this Pollution Amendment stated on the Declarations Page, for the following:

a. HOSTILE FIRE

Bodily Injury or Property Damage arising out of heat, smoke, or fumes from a Hostile Fire. As used herein, the term “Hostile Fire” means a fire which becomes uncontrollable or breaks out from where it was intended to be. Provided, however, there shall be no coverage in a case where the Hostile Fire arises from, or involves, any site or location used by any Member, contractor, or subcontractor for the handling, storage, disposal, processing, or treatment of waste.

b. OVERTURNED OR UPSET AUTO

(1) Bodily Injury or Property Damage arising from fuel, lubricants, fluids, or exhaust gases that have leaked from a Covered Auto if they are needed for or result from normal electrical, hydraulic, or mechanical function of an auto and leak from a part of the auto designed by its manufacturer to hold or dispose of them.

(2) Bodily Injury or Property Damage arising from fluids or fuel that have leaked from a Covered Auto after an accident. For the purposes of this section, the term “Covered Auto” means an Automobile, Firefighting Truck, or Mobile Equipment covered under Section II. Agreement B.

c. PESTICIDE AND HERBICIDE APPLICATION

Bodily Injury or Property Damage arising out of the application of pesticides or herbicides at golf courses owned or operated by the Named Member. For coverage to apply hereunder, the Named Member must have a valid pesticide application permit issued by the State of Vermont Department of Agriculture.

d. FIREFIGHTING ACTIVITIES

Firefighting activities, including training burns, intentional demolition or burns for purpose of limiting a fire, or the discharge of Pollutants for the purpose of controlling a fire.

e. HAZARDOUS RESPONSE

Personal Injury(ies) or Property Damage caused by the Named Member's fire department or hazardous response team responding to a contamination caused by a third party unrelated to the Named Member.

f. SHORT-TERM POLLUTION EVENTS

- (1) Bodily Injury or Property Damage arising out of a Short-Term Pollution Event provided that the Member notifies the Fund as soon as practicable and no more than fourteen (14) days after the event's ending.
- (2) The term "Short-Term Pollution Event" means a discharge, dispersal, release or escape of Pollutants which:
 - (a) Begins during the Period of Coverage; and
 - (b) Begins at an identified time and place; and
 - (c) Ends, in its entirety, at an identified time within forty-eight (48) hours of the beginning of the discharge, dispersal, release, or escape of Pollutants; and
 - (d) Is not a repeat or resumption of a previous discharge, dispersal, release or escape of the same Pollutant(s) from essentially the same source within twelve (12) months of a previous discharge, dispersal, release or escape; and
 - (e) Does not originate from an Underground Storage Tank; and
 - (f) Is not heat, smoke, or fumes from a Hostile Fire.
- (3) To be a Short-Term Pollution Event, the discharge, dispersal, release, or escape of Pollutants need not be continuous. However, if the discharge, dispersal, release, or escape is not continuous, then all discharges, dispersals, releases, or escapes of the same Pollutants from essentially the same source, considered together, must satisfy provisions 2a through 2d above to be considered a Short-Term Pollution Event.
- (4) To be a Short-Term Pollution Event, the discharge, dispersal, release or escape of the Pollutants:
 - (a) Shall not be at or from any premises, site, or location which is or was at any time used by, or for, any Member or others, for the handling, storage, disposal, processing, or treatment of waste; or
 - (b) Shall not be of Pollutants which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any Member or any person or organization for whom the Named Member may be legally responsible; or
 - (c) Shall not be at or from any premises, site, or location on which any Member or any contractors or subcontractors working directly or indirectly on any Member's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of Pollutants.

- (5) The term “Underground Storage Tank” means any storage tank, including any attached pumps, valves, or piping, buried below the surface of the ground or water, or which, at any time, had been buried under the surface of the ground or water and then subsequently exposed by any means. For the purposes of this definition, buried means that at least ten percent (10%) of it is below the surface of the ground or water.

g. ROAD SALT APPLICATION

- (1) The application by the Named Member of road salt to streets and highways as part of the Named Member’s road maintenance operations.
- (2) This amendment applies only to claims for bodily injury or property damage from the deliberate application by the Named Member of road salt to streets and highways and does not apply to the discharge, dispersal, seepage, migration, release, or escape of road salt which takes place while it is being:
- (a) Transported, handled, stored, or disposed of; or
 - (b) Transported, handled, stored, or disposed of for others.

III-B. Casualty Coverage DEFINITIONS

In addition to the GENERAL COVERAGE Agreements, Conditions, Exclusions, and Definitions (listed in Section I-A, I-B I-C, and I-D), the following Definitions apply to the CASUALTY COVERAGE Agreements (Section III):

1. PERSONAL INJURY(IES)

The terms “Personal Injury(ies)” means:

- a. Bodily Injury, sickness, or disease, including death resulting from any of these at any time: Mental Injury, Mental Anguish, Shock, Disability, False Arrest, False Imprisonment, Wrongful Eviction, Detention, Malicious Prosecution, Humiliation, Invasion of Rights of Privacy, Libel, Slander or Defamation of Character; also Piracy and any Infringement of Copyright or of Property, Erroneous Service of Civil Papers, Assault and Battery, and Disparagement of Property. **With respect to Law Enforcement operations and activities only, the definition of Personal Injury includes discrimination and violation of civil rights.**
- b. Injury arising out of the rendering of or failure to render professional medical services to any person or persons (other than employees of the Named Member injured during the course of their employment) by any duly qualified medical practitioner, nurse, or technician employed by or acting on behalf of the Member, provided such liability is based solely upon error, negligence, or mistake committed during the Period of Coverage.

2. PROPERTY DAMAGE

The term “Property Damage” means damage to or destruction or loss of use of tangible property, excluding, however, damage to or loss of use of tangible property of the Named Member, but including damage to or loss of use of tangible property of others in the care, custody, or control of the Named Member or tangible property which is purchased by the Named Member under a contract which provides that the title remain with the sellers until payments have been completed, the liability of the Fund being limited to the amount of payments outstanding.

3. OCCURRENCE

The term “Occurrence” means an accident, event, disaster, occurrence, loss, or casualty; or a series of accidents, events, disasters, occurrences, losses, casualties, or any other circumstances which is traceable to the same single act, omission, cause, mistake or error or series of acts, omissions, causes, mistakes, or errors; which unexpectedly and unintentionally results in Personal Injury or Property Damage during the Period of Coverage.

4. ULTIMATE NET LOSS

The term “Ultimate Net Loss” means the total sum that the Member becomes obligated to pay by reason of Personal Injury(ies) or Property Damage, either through adjudication or compromise.

5. COVERED CONTRACT

- a. The term “Covered Contract” means that part of any contract or agreement pertaining to the Named Member’s municipal operations under which the Named Member assumes the Tort Liability of any other party to pay for Personal Injury(ies) or Property Damage to a third person or organization. The term “Tort Liability” means a liability that would be imposed by law in the absence of any contract or agreement.
- b. A Covered Contract does not include that part of any contract or agreement:
 - (1) That indemnifies an architect, engineer, or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs, or specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage.
 - (2) Under which the Member, if an architect, engineer, or surveyor, assumes liability for an injury or damage arising out of the Member’s rendering or failure to render professional services, including those listed in (1) above and supervisory, inspection or engineering services.
 - (3) That is not in existence and legally enforceable prior to the Occurrence for which the Named Member assumes Tort Liability.

6. AUTOMOBILE

The term “Automobile” means any motor vehicle, trailer, or semi-trailer, including its equipment and any other equipment permanently attached thereto. The term “Trailer” shall include semi-trailer.

7. DAM

The term “Dam” includes, but is not limited to, any dam listed under the National Inventory of Dams Database maintained by the U.S. Army Corps of Engineers, or any successor database.

III-C. Casualty Coverage EXCLUSIONS

In addition to the GENERAL COVERAGE Exclusions (in Section I-C), this CASUALTY COVERAGE (Section III) does NOT apply to:

1. Liability of any Member for expected or intended injury caused by or at the direction of such Member except (a) liability for Personal Injury(ies) or Death resulting from using reasonable force to protect persons or damage to property and (b) liability arising out of corporal punishment.
2. The ownership, maintenance, or use, including loading or unloading, of watercraft over fifty-one feet (51') in length.
3. Damage or destruction of property owned by the Member.
4. Loss or damage or any liability of any and all the Members arising out of or in any way connected with the operation of the principles of eminent domain, including claims or liability for regulatory takings, inverse condemnation, or condemnation by whatever name called, regardless of whether such claims are made directly against the Member or by virtue of any agreement entered into by or on behalf of the Member.
5. Abuse & Molestation of any person by a Member.
 - a. This exclusion does not apply to the Named Member except that the Named Member shall not be covered for any claim arising from Abuse & Molestation by an official, employee, or volunteer committed after first discovery by another official or supervisory employee of any Abuse & Molestation, whether the Abuse & Molestation was before or after such official, employee, or volunteer was hired or engaged. Discovery hereunder does not include discovery by an official or supervisory employee who committed such Abuse & Molestation.
 - b. With Respect to any claims of Abuse & Molestation not excluded hereunder all claims arising out of Abuse & Molestation by an official, employee or volunteer, or more than one official, employee and/or volunteer acting in concert, will be considered as one Occurrence, and will be considered to occur on the date of the first act of Abuse & Molestation, regardless of: the number of persons Abused & Molested; the number of locations where the Abuse & Molestation occurred; the number of acts of Abuse & Molestation prior to or after the first Occurrence; or the period of time over which the Abuse & Molestation took place, whether the Abuse & Molestation is during, before or after the Period of Coverage. However, only acts of Abuse & Molestation that take place during the Period of Coverage are covered.
 - c. The term "Abuse & Molestation" means any actual, attempted, or alleged sexual molestation, sexual assault, sexual exploitation, human trafficking, sexual injury, or any other similar unlawful conduct in violation of a civil or criminal law by another person, or persons acting in concert, regardless if criminal charges or proceedings are brought, which causes physical and/or emotional injuries.
6. Bodily Injury or Personal Injury arising out of the providing of or failure to provide Professional Health Care Services, except with respect to emergency medical personnel who provide these services while acting as employees or volunteers of the Named Member within the scope of their duties, other than employed physicians.

7. Liability arising out of the ownership, maintenance, or use of any airports, aircraft, or flight operations.
8. School board errors and omissions.
9. Loss or damage or any liability arising out of, or in connection with, the performance of governmental functions by Members to which sovereign immunity applies.
10. Any liability of a Named Member under 19 V.S.A. § 985, Injuries from defective bridges and culverts, except to the extent of the Named Member's statutory limit of liability of seventy-five thousand dollars (\$75,000) set forth thereunder.
11. Loss or damage or any liability arising out of, or in connection with:
 - a. The toxic or pathological properties of lead, lead compounds, or lead contained in any materials; or
 - b. The abatement, mitigation, removal, or disposal of lead, lead compounds, or materials containing lead; or
 - c. Any supervision, instructions, recommendations, warnings, or advice given or which should have been given in connection with parts a. and b. above; or
 - d. Any obligations to share damages with or repay someone else who must pay damages in connection with parts a., b., or c. above.
12. Loss or damage or any liability arising out of or in connection with:
 - a. Any pathogen, virus, bacteria, parasite, mold, fungus, or other microorganism; or
 - b. Any action or inaction of any Member acting or failing to act on behalf of any Named Member, or any action or order of a Member or Named Member undertaken to control, prevent, suppress, mitigate, test for, monitor, treat or remediate the actual, suspected, or anticipated presence, existence or transmission of any pathogen, virus, parasite, mold, fungus bacteria, or other microorganism that actually or allegedly induces or is capable of inducing symptoms, physical distress, mental anguish, illness or disease.
13. Loss or damage or any liability arising out of, or in connection with, the siting and/or certification by a solid waste district of a solid waste management facility.
14. Personal Injury(ies) or Property Damage or any losses to:
 - a. A person arising out of any:
 - (1) refusal to employ that person; or
 - (2) termination of that person's employment; or
 - (3) employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, or discrimination of the person; or
 - b. The spouse, child, parent, brother, or sister of that person as a consequence of "bodily injury" to that person toward whom any of the employment-related practices described in Paragraphs (1), (2), or (3) above is directed.
 - c. This exclusion shall apply whether the Member may be liable as an employer or in any other capacity; and

- (1) to any obligation to share damages with or repay someone else who must pay damages because of the Personal Injury or Property Damage; and
 - (2) regardless of any other cause or event that contributes concurrently or in any sequence to the loss or liability.
- 15.** With respect to III-A. Agreement C General Liability, loss or damage or any liability arising out of the ownership, maintenance, or use of any Automobile.
- 16.** Loss or damage or any liability arising out of or in connection with the rupture, bursting, overtopping, accidental discharge, or structural failure of a Dam from whatever cause or for whatever reason.
- 17.** With respect to III-A. Agreement E Automobile Liability:
 - a. Personal Injury(ies) to an employee of the Named Member arising out of and in the course of:
 - (1) Employment by the Named Member; or
 - (2) Performing duties related to the conduct of the Named Member's business; or
 - b. Personal Injury(ies) to the spouse, child, parent, brother, or sister of that Employee as a consequence of Paragraph a. above.
 - c. This exclusion applies:
 - (1) Whether the Named Member may be liable as an employer or in any other capacity; and
 - (2) To any obligation to share damages with or repay someone else who must pay damages because of an injury.
 - d. This exclusion does not apply to liability assumed under a Covered Contract.
- 18.** The performance of any act or service of law enforcement operations and activities for anyone other than the Named Member. This exclusion shall not apply if the act or service arises as the result of a mutual law enforcement assistance agreement, a contract between political subdivisions, or from activities approved by the department.
- 19.** Any loss brought about or contributed to by the fraud, dishonesty, or bad faith of a Named Member or Member, or arising from the deliberate violation of any federal, state, or local statute, ordinance, rule, regulation, or other clearly established law.

III-D. Casualty Coverage CONDITIONS

In addition to the GENERAL COVERAGE Conditions (in Section I-B), the following Conditions apply to the CASUALTY COVERAGE Agreements (Section III-A):

1. NOTICE OF OCCURRENCE

Whenever the Member has information from which the Member may reasonably conclude that an Occurrence covered under Section III of this Coverage involves injuries or damages, notice shall be given to the Fund and/or the designated claims service organization appointed by the Fund as soon as practicable.

III-E. Casualty Coverage EXTENSIONS

Uninsured Motorist Extension

1. COVERAGE

The Fund hereby agrees, subject to the limitations, terms, and conditions hereunder mentioned, and in respect to a vehicle covered under Agreement E, to provide coverage to a Member otherwise entitled to recover damages from owners or operators of uninsured, underinsured, or hit-and-run-vehicles, for bodily injury, sickness, or disease, including death, and for property damage resulting from the ownership, maintenance, or use of such uninsured, underinsured, or hit-and-run vehicle.

2. DEFINITIONS

For the purpose of this Extension:

- a. An uninsured motor vehicle includes an insured other motor vehicle where:
 - (1) The liability insurer of the other motor vehicle is unable, because of its insolvency, to make payment with respect to the legal liability of its insured within the limits specified in its policy; and
 - (2) The Occurrence out of which the legal liability arose took place while the uninsured vehicle Coverage provided under this Extension was in effect; and
 - (3) The insolvency of the liability insurer of the other motor vehicle existed at the time of, or within one (1) year after, the Occurrence.
- b. An uninsured motor vehicle does not include any vehicle:
 - (1) Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer who is or who becomes insolvent within one (1) year of the occurrence and cannot provide the amounts required by that motor vehicle law; or
 - (2) Owned by a governmental unit or agency; or
 - (3) Designed for use mainly off public roads while not on public roads.
- c. For the purpose of this Extension, a motor vehicle is underinsured to the extent that:
 - (1) The liability insurance limits applicable at the time of the accident are less than the limits of the uninsured motorist coverage applicable to the claimant; or
 - (2) The available liability insurance has been reduced by payments to others injured in the accident to an amount less than the limits of uninsured motorist coverage applicable to the claimant.

3. CONDITIONS

- a. If payment is made under this Extension, and subject to the terms of this Coverage, to the extent of that payment, the Fund is entitled to the proceeds of any settlement or recovery from any person legally responsible for the damage or personal injury, as to which the payment was made, and to amounts recoverable from the assets of the insolvent insurer of such persons.

- b. If a Member sustains bodily injury while occupying a vehicle not owned by the Named Member this Extension applies only as excess to any uninsured motor vehicle coverage which applies to the vehicle as primary coverage. If coverage under other insurance policies also applies as excess, the Fund will pay no more than its share which shall be the percentage of excess damages that the limit of liability of this Coverage bears to the total of all uninsured motor vehicle coverage applicable as excess for the incident.

4. EXCLUSIONS

- a. There shall be no recovery by a Member under this Uninsured Motorist Extension for any injury for which a Member entitled to payment under the Extension has made a settlement with the uninsured or underinsured motorist without the Fund's written consent.
- b. This coverage does not apply to Personal Injury(ies) sustained by a Member while occupying, or struck by, any Automobile owned or leased by the Named Member.

5. LIMITS OF COVERAGE

The Coverage for property damage shall indemnify a claim for damages to which the claimant is legally entitled of not more than ten thousand dollars (\$10,000) per claim, subject to a one hundred fifty dollar (\$150) deductible; provided, however, to the extent other direct damage coverage is valid and collectible, or otherwise:

- a. This deductible shall not apply to a claimant who is otherwise insured for direct damages to his or her motor vehicle, in which case:
 - (1) The Coverage for property damages provided in this subsection shall be applied, without deductible, to pay the deductible of the other direct damage coverage; and
 - (2) The balance of the direct damage claim, if any, shall be covered under such other direct damages coverage to the extent of its limits.
- b. Further, any other claim for property damages, not direct damages, to which the claimant is legally entitled, shall be paid by the Coverage under this Extension, without deductible, to the extent of the ten thousand dollar (\$10,000) per claim limit.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Covered Dams Extension

Notwithstanding Section III-C, Exclusion 16, there shall be Coverage under Section III-A. Agreement C for loss or damage or any liability arising out of, or in connection with, the rupture, bursting, overtopping, accidental discharge, or structural failure of a Dam under the following conditions and subject to the following limit:

1. The Named Member reports the Dam to the Fund, specifically requests coverage, and the Fund accepts it for coverage.
2. The Fund reserves the right to refuse to provide coverage for a Dam.
3. The most the Fund will pay under this Extension is the Covered Dam Extension limit as stated on the Declarations Page. This is an annual aggregate limit.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Medical Payments Extension

1. COVERAGE

- a. The Fund hereby agrees to pay medical expenses, as further described, for bodily injury caused by an accident to Elected Officials and Volunteers while performing operations within the scope of their duties for and on behalf of the Named Member.
- b. Provided that: the expenses are incurred and reported to the Fund within one (1) year of the date of the accident; and the person submits to examination, at the Fund's expense, by physicians of the Fund's choice as often as the Fund reasonably requires.
- c. The Fund will make these payments regardless of fault. The Fund will pay reasonable expenses for:
 - (1) First aid administered at the time of an accident;
 - (2) Necessary medical, surgical, x-ray, and dental services including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing, and funeral services.

2. EXCLUSIONS

The Fund will not pay expenses for bodily injury:

- a. To any person who is eligible for benefits under (1) Vermont Workers' Compensation Statute T.21 §601 & et seq. to include Employer's Liability; (2) any other state's workers' compensation statute; (3) any health, accident or disability plan; or (4) or any other similar medical benefits plan.
- b. To any person hired to do work for or on behalf of the Named Member, or to any tenant of the Named Member.
- c. To a person injured while taking part in athletics.
- d. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrections, rebellion, or revolution.
- e. No person will be entitled to receive duplicate payments for the medical expenses under this Extension and any Liability Coverage or Uninsured or Underinsured Coverage included within the PACIF Coverage Document.

3. LIMIT OF COVERAGE

- a. The most the Fund will pay for a covered person for any one occurrence under this Extension is the Medical Payments Extension limit stated on the Declarations Page.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Sewer Backup Extension**1. COVERAGE**

The Fund hereby agrees, subject to the limitations, terms, and conditions hereunder mentioned, to provide coverage for Property Damage regardless of fault, resulting from Sewer Backup. This Coverage shall be excess over Homeowner's Insurance or any other collectible insurance or coverage.

2. CONDITIONS

- a. A condition of this Coverage is that a new back flow preventer valve be installed in the property owner's line. The cost of purchasing and installing the back flow preventer valve may be included in those sums paid under this Extension.
- b. A condition of this Coverage is that the Fund be subrogated to all rights of the property owner against any person or entity in respect to any claim or payment made, and that the property owner fully cooperates with the Fund to secure the Fund's rights.

3. EXCLUSIONS

- a. Excluded hereunder is Property Damage for Sewer Backup that occurs in whole or in part through unauthorized or illegal connections to the Named Member's sanitary sewer system or that occurs while a homeowner or homeowner's contractor or agent is working on the homeowner's wastewater plumbing system.
- b. Excluded hereunder is Property Damage for Sewer Backup that occurs in whole or in part as a result of the flow of stormwater or flooding.

4. DEFINITION OF SEWER BACKUP

The term "Sewer Backup" means:

- a. The reverse flow of sewage from within any sanitary sewage facilities that the Named Member owns and maintains, or
- b. The escape of sewage from any fixed conduits that the Named Member owns and maintains, but only if the escape occurs away from real property the Named Member owns and maintains.

5. LIMIT OF COVERAGE

The most the Fund will pay under this Extension is the Sewer Backup Extension limit stated on the Declarations Page. This is an annual aggregate limit.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

Employee Benefit Liability Extension

THIS IS A CLAIMS MADE COVERAGE

1. COVERAGE

Subject to the terms, exclusions, and definitions hereinafter mentioned, the Fund agrees to:

- a. Indemnify the Named Member for all sums which the Named Member shall become legally obligated to pay as a result of damages sustained by an employee, prospective employee, former employee, or the beneficiaries or legal representatives thereof in the Administration of the Named Member's Employee Benefit Programs as defined herein and caused by any negligent act, error or omission of the Named Member or any other person for whose acts the Named Member is legally liable, occurring during the Period of Coverage and then only if claim is made or suit is brought during the Period of Coverage or within one (1) year after the end of the Period of Coverage.
- b. Defend a Member against any claim or suit seeking damages as covered above. The duty to defend shall end when the applicable limit of coverage has been paid by the Fund to or on behalf of the Named Member. In addition to covering the costs of defense, the Fund shall cover costs of investigation, appraisal, adjustment, settlement, or appeal of a specific claim, including court costs, appeal bonds, and prejudgment and post judgment interest (unless included as part of the judgment).

2. EXCLUSIONS

This Coverage does not apply:

- a. To any dishonest, fraudulent, criminal, or malicious act, libel, slander, discrimination, or humiliation; or
- b. To bodily injury, sickness, or disease, including death resulting from any of these at any time to any person, or to injury to or destruction of any tangible property, including the loss of use thereof; or
- c. To any claim for failure of performance of contract by any Member, including failure of any Employee Benefit Program; or
- d. To any claim based upon the Member's failure to comply with any law or regulation concerning Workers' Compensation, Unemployment Coverage, Social Security, or Disability Benefits; or
- e. To any claim based upon:
 - (1) Failure of investments, including but not limited to stocks, bonds, or mutual funds, to perform as represented; or
 - (2) Advice given to an employee to participate or not to participate in investments, including but not limited to stocks, bonds, or mutual funds; or
 - (3) The investment or non-investment of funds; or
- f. To claims based upon the Employee Retirement Income Security Act of 1974, Public Law 93-406 commonly referred to as the Pension Reform Act of 1974 and amendments thereto, or similar provisions of any federal, state or local statutory law or common law.

3. DEFINITIONS

In addition to the GENERAL COVERAGE Agreements, Conditions, Exclusions, and Definitions (listed in Section I-A, I-B I-C, and I-D), the following Definitions apply to this CASUALTY COVERAGE (Section III) Employee Benefit Liability Extension:

a. EMPLOYEE BENEFIT PROGRAM

The term “Employee Benefit Program”, wherever used in this Extension means group life coverage; group health coverage; profit sharing plans; pension plans; employee stock subscription plans; workers’ compensation; unemployment coverage; social security; disability benefits coverage; and travel, savings, or vacation plans.

b. ADMINISTRATION

The unqualified word “Administration”, wherever used in this Extension, means:

- (1) Giving counsel to employees with respect to the Employee Benefit Programs;
- (2) Interpreting the Employee Benefit Program;
- (3) Handling of records in connection with the Employee Benefit Programs;
- (4) Effecting enrollment, termination, or cancellation of employees under the Employee Benefit Programs;

provided that such acts are authorized by the Named Member.

This extension of coverage is included within and subject to the Section III - CASUALTY COVERAGE limit of liability as stated on the Declarations Page.

Good Samaritan Coverage Extension

The Fund agrees, subject to the limitations, terms, and conditions hereunder stated, to provide Good Samaritan liability coverage to Members while acting as a good samaritan independently of their assigned duties, when encountering the scene of an emergency that requires immediate action.

1. COVERAGE

The Fund hereby agrees, subject to the limitations, terms, and conditions applicable to Section III Casualty Coverage, to:

- a. Indemnify a Member for all sums which the Member shall become legally obligated to pay as a result of Personal Injury arising out of providing or failing to provide medical assistance while acting as a good samaritan independently of their assigned duties, when encountering the scene of an emergency that requires immediate action.
- b. Defend the covered Member against any claim or suit seeking damages as covered above. However, the Fund will have no duty to defend such Member against any suit seeking damages to which this Coverage does not apply. The duty to defend shall end when the applicable limit of coverage has been paid by the Fund to or on behalf of the Member.
- c. This coverage shall not apply to a person who responds to an emergency with or for another emergency service organization.

This extension of coverage is included within and subject to the Section III - CASUALTY COVERAGE limit of liability as stated on the Declarations Page.

Coronavirus Extension

Notwithstanding Section III-C, Exclusion 12, there shall be Coverage under Section III-A. Agreement C for Personal Injuries or Property Damage arising out of, or in connection with, the infectious agent known as SARS-CoV-2 and the related coronavirus disease (collectively referred to hereafter as “COVID-19”). Unless otherwise specified herein, all terms used in this Extension shall have the meaning set forth in the Coverage Document. In the event of a conflict between any of the limitations, terms, or conditions of this Coverage Document and this Extension, this Extension will control how coverage shall be applied.

1. COVERAGE

The Fund hereby agrees, subject to the limitations, terms, and conditions applicable to Section III Casualty Coverage, to:

- a. Indemnify a Member for all sums which the Member shall become legally obligated to pay as a result of Personal Injury or Property Damage caused by or arising from COVID-19.
- b. Defend a Member against any claim or suit seeking damages as covered above. The duty to defend shall end when the applicable limit of coverage has been met.

2. LIMIT OF COVERAGE

- a. The most the Fund will pay under this Extension is the Coronavirus Extension Limit stated on the Declarations Page. This is an annual aggregate limit, regardless of the number of Occurrences.
- b. All expenses incurred to investigate, settle, or defend any Occurrence, claim, or suit covered by this Extension shall reduce the applicable limit of coverage stated on the Declaration Page.
- c. This Extension is also subject to an annual aggregate limit for all Fund Members combined.

This extension of coverage is included within and subject to the limit of liability as stated on the Declarations Page.

**SECTION IV:
CRIME AND FIDELITY
COVERAGE**

IV-A. Crime and Fidelity Coverage AGREEMENTS

THIS IS A CLAIMS MADE COVERAGE

The Fund agrees to indemnify the Named Member, subject to the limitations, exclusions, terms, and conditions of this Coverage Document, for loss or damage, to the limit stated on the Declarations Page, which the Named Member sustains resulting directly from an Occurrence that is reported to the Fund by the Named Member during the Period of Coverage stated on the Declarations Page or during the time provided in the Extended Period to Report Loss Condition as follows:

1. AGREEMENT F: MONEY AND SECURITIES WITHIN PREMISES

For all loss resulting directly from theft, burglary, robbery, kidnapping, disappearance, or destruction of Money or Securities (other than by fraud or connivance of Named Member's Officials or Employees) belonging to the Named Member upon premises occupied or used by the Named Member or placed by the Named Member with any bank or trust company. This Coverage also applies to deposits within a night depository safe provided by a bank or trust company on its premises for use of customers.

2. AGREEMENT G: MONEY AND SECURITIES OUTSIDE OF PREMISES

For all loss resulting directly from theft, robbery, disappearance, or destruction of Money or Securities (other than by fraud or connivance of the Named Member's Officials or Employees) while in transit in the care and custody of a Messenger.

3. AGREEMENT H: EMPLOYEE THEFT AND FAITHFUL PERFORMANCE

a. EMPLOYEE THEFT

For loss or damage to Money, Securities, or Other Property resulting directly from Theft committed by an Employee or Official, whether identified or not, acting alone or in collusion with other persons. For the purposes of this Coverage Agreement, Theft shall include Forgery.

b. FAITHFUL PERFORMANCE

For loss or damage to Money, Securities, or Other Property resulting directly from the failure of any Employee or Official to faithfully perform duties as prescribed by law, when such failure has as its direct and immediate result a loss of the Named Member's Money, Securities, or Other Property.

4. AGREEMENT J: FORGERY, ALTERATION, COUNTERFEIT, AND FRAUD

a. FORGERY OR ALTERATION

For loss resulting directly from forgery or alteration of, on, or in any Covered Instrument.

For the purposes of this Coverage Agreement, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

This Agreement does not apply to loss resulting from any dishonest or criminal act committed by an Official or Employee of the Named Member:

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

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

b. MONEY ORDERS AND COUNTERFEIT MONEY

For loss resulting directly from the Named Member having accepted, in good faith, in exchange for merchandise, Money, or services:

Money orders issued by any post office, express company, or bank that are not paid upon presentation; or Counterfeit Money that is acquired during the regular course of business.

c. COMPUTER FRAUD

For loss to Money, Securities, or Other Property resulting directly from the use of any computer to fraudulently cause a transfer from inside the Premises or Banking Premises:

(1) To a person (other than a Messenger) outside these Premises or Banking Premises; or

(2) To a place outside those Premises or Banking Premises.

d. FUNDS TRANSFER FRAUD

For loss of Funds resulting directly from a Fraudulent Instruction directing a financial institution to transfer, pay, or deliver Funds from Named Member's Transfer Account, only when such loss is not covered by the Cyber Liability and Data Breach Coverage.

IV-B. Crime and Fidelity Coverage DEFINITIONS

In addition to the GENERAL COVERAGE Agreements, Conditions, Exclusions, and Definitions (listed in Section I-A, I-B I-C, and I-D), the following Definitions apply to the CRIME AND FIDELITY COVERAGE Agreements:

1. BANKING PREMISES

The term "Banking Premises" means the interior of that portion of any building occupied by a banking institution or similar depository.

2. COUNTERFEIT MONEY

The term "Counterfeit Money" means an imitation of Money that is intended to deceive and be taken as genuine.

3. COVERED INSTRUMENT

The term "Covered Instrument" means checks; drafts; promissory notes; or similar written promises, orders, or directions to pay a sum certain that are:

- a. Made or drawn upon the Named Member's financial account; or
- b. Made or drawn by one acting as the Named Member's agent; or
- c. Purported to have been so made or drawn.

4. CUSTODIAN

The term “Custodian” means the Named Member, or any Employee or Official while having care and custody of property inside the Premises, excluding any person while acting as a Watchperson or janitor.

5. EMPLOYEE

The term “Employee” means:

- a. Any natural person:
 - (1) While in the Named Member’s service and for the first thirty (30) days immediately after termination of service, unless such termination is due to Theft or other dishonest act committed by the Employee;
 - (2) Whom the Named Member compensates directly by salary, wages, or commissions, or who is a volunteer of the Named Member; and
 - (3) Whom the Named Member has the right to direct and control while performing services for Named Member.
- b. Employee does not mean any agent, broker, factor, commission merchant, consignee, independent contractor, or other representative of the same general character.

6. EMPLOYEE BENEFIT PLAN

The term “Employee Benefit Plan” means any welfare or pension benefit plan including but not limited to group life coverage; group health coverage; profit sharing plans; pension plans; employee stock subscription plans; workers’ compensation; unemployment coverage; social security; disability benefits coverage; and travel, savings or vacation plans.

7. FORGERY

The term “Forgery” means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one’s own name signed with or without authority, in any capacity, for any purpose.

8. FRAUDULENT INSTRUCTION

The term “Fraudulent Instruction” means:

- a. An electronic, telegraphic, cable, teletype, fax, or telephone instruction which purports to have been transmitted by the Named Member, but which was in fact fraudulently transmitted by someone else without the Named Member’s knowledge or consent; or
- b. A written instruction (other than those described in Coverage Agreement J) issued by the Named Member, which was forged or altered by someone other than the Named Member without the Named Member’s knowledge or consent, or which purports to have been issued by the Named Member, but was in fact fraudulently issued without the Named Member’s knowledge or consent; or
- c. An electronic, telegraphic, cable, teletype, fax, telephone, or written instruction initially received by the Named Member which purports to have been transmitted by an Employee or Official but which was in fact fraudulently transmitted by someone else without the Named Member’s or the Employee’s or Official’s knowledge or consent; or

- d. Any instruction which through deception induces the Named Member to initiate a wire transfer or other transfer of funds to a third party not entitled to the payment.

9. FUNDS

The term “Funds” means Money and Securities.

10. MESSENGER

The term “Messenger” means the Named Member or any Employee or Official while having care and custody of property outside the Premises.

11. MONEY

The term “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; and
- c. Un-canceled, pre-canceled, and unused postage in postage meters.

Money does not include interest, actually earned, planned to be earned, or by operation of the law accrued for loss of use of Money.

12. OFFICIAL

The term “Official” means any natural person while in the Named Member’s service and for the first thirty (30) days immediately after termination of service, unless such termination is due to Theft or other dishonest act committed by the Official, who is an elected, appointed, or employed municipal officer of the Named Member.

13. OCCURRENCE

The term “Occurrence” means:

- a. An individual act; or
- b. The combined total of all separate acts whether or not related; or
- c. A series of acts whether or not related; committed by any person, Employee, or Official; acting alone or in collusion with other persons, Employees or Officials; involving one or more instruments; during the Period of Coverage shown in the Declarations, before such Period of Coverage, or both.

14. OTHER PROPERTY

The term “Other Property” means any tangible property other than Money and Securities that has intrinsic value, but does not include any property specifically excluded under this Coverage Document.

15. PREMISES

The term “Premises” means the interior of that portion of any building the Named Member occupies in conducting the Named Member’s operations.

16. ROBBERY

The term “Robbery” means the unlawful 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.

17. SAFE BURGLARY

The term “Safe Burglary” means the unlawful 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; or
- b. A safe or vault from inside the Premises.

18. SECURITIES

The term “Securities” means negotiable and nonnegotiable instruments or contracts representing either Money or 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 Named Member;

but does not include Money.

19. THEFT

The term “Theft” means the unlawful taking of property to the deprivation of the Named Member.

20. TRANSFER ACCOUNT

The term “Transfer Account” means an account maintained by the Named Member at a financial institution from which the Named Member can initiate the transfer, payment, or delivery of Funds:

- a. By means of electronic, telegraphic, cable, teletype, fax, or telephone instructions communicated directly through an electronic funds transfer system; or
- b. By means of written instructions (other than those described in Coverage Agreement J) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

21. WATCHPERSON

The term “Watchperson” means any person the Named Member retains specifically to have care and custody of property inside the Premises and who has no other duties.

IV-C. Crime and Fidelity Coverage EXCLUSIONS

1. In addition to the GENERAL COVERAGE Exclusions (listed in Section I-C), CRIME AND FIDELITY COVERAGE (Section IV) does NOT cover:

- a. Losses caused by or related to nuclear reaction or radiation, or radioactive contamination, however caused. But if nuclear reaction, radiation, or radioactive contamination results in fire, then loss, or damage caused by that fire are covered.
- b. Losses for shortages of Money, Securities, or Other Property if the only proof of loss is discovery of a shortage via an inventory. This also includes profit or loss calculations, such as mistakes on the books or in ledgers. However, for eligible losses, a Named Member's books, ledgers, and inventory records may be used to substantiate the amount of the loss. This exclusion does not apply to loss of Other Property that the Named Member shall conclusively prove to the satisfaction of the Fund was caused by dishonesty of any Employee or Official.
- c. Losses resulting from accounting, data entry, or mathematical errors or omissions.
- d. Losses resulting from government seizure, forfeiture, and other taking or destruction of property.
- e. Interest or loss of income as a result of not being able to use Money, Securities, or Other Property.
- f. Costs, fees, or legal expenses incurred by a Member for any reason, including those for a covered loss.
- g. Loss that is an indirect result of an Occurrence covered by this Coverage Document including, but not limited to:
 - (1) Interest or the Named Member's inability to realize income the Named Member would have realized had there not been loss of or damage to Money, Securities, or Other Property;
 - (2) Payment of damages of any type for which the Named Member is legally liable. However, the Fund agrees to indemnify the Named Member for compensatory damages arising directly from a loss covered under the Section IV-A. Crime and Fidelity Coverage Agreements;
 - (3) Payment of costs, fees, or other expenses the Named Member incurs in establishing either the existence or the amount of loss under the Section IV Crime and Fidelity Coverage Agreements, including but not limited to forensic or regular audit, accounting, or bookkeeping expenses.
- h. Loss or damage to Other Property covered under Section II: PROPERTY COVERAGE of this Coverage Document.

- 2. In addition to the GENERAL COVERAGE Exclusions (listed in Section I-C) and the Exclusions that apply to all CRIME AND FIDELITY COVERAGE Agreements (listed in Section IV-C 1.), CRIME AND FIDELITY COVERAGE Agreements F and G do NOT cover:**
 - a. Loss caused by any fraudulent, dishonest, or criminal act other than Robbery or Safe Burglary or attempt thereat, committed by the Named Member or by any Officer, Employee, trustee, or authorized representative of the Named Member, whether acting alone or in collusion with others; or
 - b. Losses to Forgery by whomsoever committed.

- 3. In addition to the GENERAL COVERAGE Exclusions (listed in Section I-C) and the Exclusions that apply to all CRIME AND FIDELITY COVERAGE Agreements (listed in Section IV-C 1.), CRIME AND FIDELITY COVERAGE Agreement H does NOT cover:**
 - a. Losses for any payments made under any Employee Benefit Plan.
 - b. Loss resulting from the failure of any entity acting as a depository for the Named Member's property or property for which the Named Member is responsible.
 - c. Damages for which the Named Member is legally liable as a result of:
 - (1) The deprivation or violation of the civil rights of any person by an Employee or Official, or
 - (2) The tortious conduct of an Employee or Official, except the conversion of property of other parties held by the Named Member in any capacity.
 - d) Loss related to or resulting from any Fraudulent Instruction.

IV-D. Crime and Fidelity Coverage CONDITIONS

- 1. In addition to the GENERAL COVERAGE Agreements and Conditions (listed in Sections I-A and I-B) applicable to ALL CRIME AND FIDELITY COVERAGE Agreements (listed in Section IV-A), the following Conditions apply:**
 - a. **LIMIT OF COVERAGE**

The most the Fund agrees to indemnify the Named Member for all loss resulting directly from an Occurrence is the applicable limit stated on the Declarations Page. All claims involving the same Occurrence or a series of continuous or related Occurrences by one or more Members will be considered one Occurrence. All such losses shall be added together, and the total amount of such losses will be treated as arising out of one Occurrence, irrespective of the period of time or number of coverage periods over which such losses occur.

If any loss is covered under more than one Coverage Agreement or coverage, the most the Fund agrees to indemnify the Named Member for such loss shall not exceed the largest limit of coverage available under any one of the Coverage Agreements.

b. VALUATION - SETTLEMENT

The value of any loss for purposes of coverage under the Crime and Fidelity Coverage shall be determined as follows:

- (1) Loss of Money but only up to and including its face value.
- (2) Loss of Securities but only up to and including their value at the close of business on the day the loss was reported to the Fund. The Fund may, at its option:
 - (a) Pay the market value of such Securities or replace them in kind, in which event the Named Member must assign to the Fund all the Named Member's rights, title, and interest in and to those Securities; or
 - (b) Pay the cost of a Lost Securities Bond required in connection with issuing duplicates of the Securities. However, the Fund 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 less of the market value of the Securities at the close of business on the day the loss was reported to the Fund, or the limit of coverage applicable to the Securities.
- (3) Loss of or damage to Other Property for the replacement cost of the property without deduction for depreciation. However, the Fund will not pay more than the least of the following:
 - (a) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose; or
 - (b) The amount the Named Member actually spends that is necessary to repair or replace the lost or damaged property; or
 - (c) The limit of liability applicable to the lost or damaged property.
- (4) If the lost or damaged property is not repaired or replaced, the Fund agrees to indemnify the Named Member on an actual cash value basis.
- (5) Any property that the Fund pays for or replaces becomes the Fund's property.

c. RECOVERIES

- (1) Any recoveries, whether effected before or after any payment under this Crime and Fidelity Coverage, whether made by the Named Member or the Fund, shall be applied net of the expense of such recovery:
 - (a) First, to the Named Member in satisfaction of the Named Member's covered loss in excess of the amount paid under this coverage, with the exception of interest;
 - (b) Second, to the Fund in satisfaction of amounts paid in settlement of the claim;
 - (c) Third, to the Named Member in satisfaction of any Deductible Amount; and any applicable interest. Interest shall be calculated from the date of the entry of the judgment, at a rate equal to the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week preceding the date of the judgment;
 - (d) Fourth, to the Named Member in satisfaction of any loss not covered under this coverage.
- (2) Recoveries do not include any recovery:

- (a) From insurance, suretyship, reinsurance, security, or indemnity taken for the Fund's benefit; or
- (b) Of original Securities after duplicates of them have been issued.

d. INTERESTS COVERED

The property covered under this Coverage Document is limited to property that:

- (1) the Named Member owns or leases; or
- (2) the Named Member holds for others.

However, this coverage is for the Named Member's benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this Crime and Fidelity coverage must be presented by the Named Member.

e. EXTENDED PERIOD TO REPORT LOSS

The Fund agrees to indemnify the Named Member for loss that the Named Member sustained during the Period of Coverage, that is reported to the Fund by the Named Member no later than sixty (60) days after the end of the Period of Coverage. However, this extended period to report a loss terminates immediately upon the effective date of any other coverage obtained by the Named Member whether from the Fund or another insurer, replacing in whole or in part that coverage afforded under Section IV Crime and Fidelity Coverage, whether or not such other coverage provided coverage against loss sustained prior to its effective date.

f. REPLACED COVERAGE

If this Coverage replaces insurance that provided the Named Member with an extended period of time after termination in which to report a loss and which did not terminate at the time this Coverage became effective:

- (1) The Fund will not pay for any loss that occurred during the policy period of that prior insurance that is reported to the Fund by the Named Member during the extended period to report a loss unless the amount of loss exceeds the limit of and deductible amount of that prior insurance. In that case, the Fund will pay for the excess loss subject to the limitations, exclusions, terms, and conditions of this Coverage.
- (2) However, any payment the Fund makes for the excess loss will not be greater than the difference between (a) the limit of insurance and deductible amount of that prior insurance and (b) the limit of coverage stated on the Declarations Page.

2. In addition to the GENERAL COVERAGE Agreements and Conditions (listed in Sections I-A and I-B), the following Conditions apply to CRIME AND FIDELITY COVERAGE Agreements F AND G:

- a. It is understood and agreed that this Coverage covers Money and Securities of the Named Member or for which the Named Member is legally liable or held by it in any capacity, whether or not the Named Member is liable for the loss thereof. If legal proceedings are taken against the Named Member to enforce a claim for Money and Securities so held, the Named Member shall immediately notify the Fund in writing.
- b. All loss caused by any person in which that person is involved, whether the loss involves one or more instruments or events, shall be treated as a single loss.

3. In addition to the GENERAL COVERAGE Agreements and Conditions (listed in Sections I-A and I-B), the following Conditions apply to CRIME AND FIDELITY COVERAGE Agreement H:

- a. Employee Theft Coverage shall be deemed canceled as to any Employee or Official immediately upon discovery by the Named Member of any fraudulent or dishonest act on the part of such Employee or Official; or at 12:01 a.m. Standard Time upon the effective date specified in written notice served upon the Named Member or sent by registered mail by the Fund.
- b. Such date, if the notice be served, shall be not less than fifteen (15) days after such service, or, if sent by registered mail, not less than twenty (20) days after the date borne by the Fund's registry receipt.
- c. It is agreed that within the terms Employees and Officials are various public officials of the Named Member who by law are required to be separately bonded. It is further agreed that this Coverage Agreement shall apply as excess coverage and then only after such legally required other bond has been exhausted.
- d. Faithful Performance Coverage shall be deemed canceled as to any Employee or Official immediately upon discovery by the Named Member of any act committed by the Employee or Official, whether before or after becoming employed by the Named Member, which would constitute a covered loss under Agreement H. Coverage may be reinstated upon written approval from the Fund, at the Fund's discretion, after receipt, in writing, of a request from the Named Member to reinstate coverage for the Employee or Official.

**SECTION V:
PUBLIC OFFICIALS LIABILITY
COVERAGE**

V-A. Public Officials Liability Coverage AGREEMENT

THIS IS A CLAIMS MADE COVERAGE

1. AGREEMENT K

The Fund hereby agrees, subject to the limitations, terms, and conditions hereunder mentioned, to: Indemnify and defend the Member for all sums which the Member shall become obligated to pay, all as more fully defined by the term Ultimate Net Loss, by reason of a Claim First Made against the Member during the Period of Coverage by reason of Wrongful Act(s) while acting within the scope of the Member's duties as such, and only with respect to operations by or on behalf of the Named Member.

The Fund will have no duty to defend a Member against any suit to which this coverage does not apply. The duty to defend shall end when the applicable limit of coverage has been paid by the Fund to or on behalf of the Member. In addition to covering the costs of defense, the Fund shall cover costs of investigation, appraisal, adjustment, settlement, or appeal of a specific claim, including court costs, appeal bonds, and prejudgment and post judgment interest (unless included as part of the judgment).

The Fund may, at its discretion, investigate any occurrence and settle any claim or suit that may result. The amount the Fund will pay for damages is limited as described in Section I-A General Coverage Agreement 4. Limits of Liability.

No other obligation or liability to pay sums or perform acts or services is covered unless provided for under a Coverage Amendment or Extension in Section V Public Officials Liability Coverage. No rights or defenses of the Fund are deemed waived by its conduct in providing a defense or investigating any claim or suit.

2. EXTENDED REPORTING PERIOD

- a. In the event of non-renewal or termination of this Coverage Agreement, then this coverage shall extend to apply to Claims First Made against the Named Member during the sixty (60)-day period following immediately upon such expiration or termination, but only for Wrongful Acts committed or alleged to have been committed prior to such expiration or termination.
- b. The Named Member shall have the right to elect a supplemental extended reporting period which in no event shall exceed thirty-six (36) months. An additional contribution equal to fifty percent (50%) of the contribution previously charged by the Fund shall be charged for each year for which the Named Member elects to have the reporting period extended.
- c. The right to elect an Extended Reporting Period shall terminate unless written notice is given to the Fund, not later than sixty (60) days after the effective date of cancellation or non-renewal.
- d. Extending the Reporting Period does not extend the Coverage Document Period of Coverage or change the scope of coverage provided. Subject otherwise to the Coverage Document's terms, limits of liability, exclusions, and conditions, the coverage is extended to apply to Claims First Made against the Named Member during any applicable Extended Reporting Period, but only to claims due to Wrongful Act(s) committed prior to the end of the Period of Coverage.

- e. Extended Reporting Periods do not reinstate or increase the Coverage Document's limit of liability. Claims which are first received and recorded during any applicable extended reporting period will be deemed to have been made on the last day of the Period of Coverage.

3. NOTICE OF CLAIM

If, during the Period of Coverage or the extended reporting period, the Member shall receive written or oral notice from any party that it is the intention of such party to hold the Member responsible for any Wrongful Act(s), the Member shall give written notice thereof to the Fund as soon as practical. Any claims made against the Member arising out of such Wrongful Act(s) shall, for the purpose of this Coverage Agreement, be treated as a claim made during the Period of Coverage in which such notice was given to the Fund, or, if given during the extended reporting period, as a claim made during the last Period of Coverage.

4. LIMIT OF LIABILITY

- a. For purposes of determining the Limit of Liability, all claims involving the same Wrongful Act or a series of continuous or related Wrongful Acts by one or more Members will be considered one Wrongful Act. All such losses shall be added together and the total amount of such losses will be treated as arising out of one Wrongful Act, irrespective of the period of time or area over which such losses occur.
- b. To the extent that events constituting Wrongful Acts hereunder constitute or are alleged to constitute Covered Events within the scope of Coverage Agreement L: Employment Related Practices Liability, the events shall be treated as a single claim under this Coverage Document. Moreover, as stated on the Declarations Page, a combined single limit of liability per claim, and in the aggregate, shall apply to all Covered Events and Wrongful Acts within the scope of Coverage Agreements K and L.

5. SEVERABILITY OF INTEREST

Except with respect to the Limit of Liability and any rights or duties specifically assigned in this Coverage Agreement to the Named Member, this Coverage applies separately to each Member against whom a claim is brought.

V-B. Public Officials Liability Coverage EXCLUSIONS

In addition to the GENERAL COVERAGE Exclusions (listed in Section I-C), the PUBLIC OFFICIALS LIABILITY COVERAGE Agreement does NOT apply to any claims made against the Member:

1. As a result of a Personal Injury(ies) as defined in Section III-B: Casualty Coverage Definitions.
2. For discrimination and violation of civil rights as a result of law enforcement operations or activities.
3. For loss or damage or any liability of any and all the Named Members arising out of or in any way connected with the operation of the principles of eminent domain, including claims or liability for regulatory takings, inverse condemnation, or condemnation by whatever name called regardless of whether such claims are made directly against the Member or by virtue of any agreement entered into by or on behalf of the Named Member.
4. For loss or damage or any liability arising out of, or in connection with, the performance of governmental functions by Members to which sovereign immunity applies.
5. For any loss which represents cost, civil fine, penalty, or expense levied or imposed against any Member arising from any complaint or enforcement action from any federal, state, or local government regulatory agency.
6. For any loss brought about or contributed to by the fraud, dishonesty, or bad faith of a Member or arising from the deliberate violation of any federal, state, or local statute, ordinance, rule or regulation.
7. For claims arising from construction, architectural or engineering contracts, faulty preparation of bid specifications, or any other procurement contract.
8. For any loss arising out of claims, demands, or actions seeking relief or redress in any form other than monetary damages, or for any fees, costs, or expenses which the Named Member may become obligated to pay as a result of any adverse judgment for declaratory relief or injunctive relief.
9. For any loss arising out of failure of investment, including but not limited to stocks, bonds, or mutual funds, to perform as represented by a Member.
10. Based upon or attributable to a Member gaining any profit or advantage to which the Member was not legally entitled.
11. Based upon or attributable to the rendering or failure to render any opinion, treatment, consultation or service if such opinion, treatment consultation or service was rendered or failed to have been rendered while the Member was engaged in any activity for which they received compensation from any source other than the Named Member.
12. For which the Member is entitled to indemnity or payment by reason of having given notice of any circumstances which might give rise to a claim under any policies or agreements the term of which has commenced prior to the inception date of this Coverage Agreement.

- 13.** Arising out of or in any way connected with any employee benefit plan of the Named Member or claims for unpaid wages, overtime, or other benefits under the Fair Labor Standards Act or any similar statute.
- 14.** Related to court approved consent decrees.
- 15.** As a result of strikes, riots, or civil commotion.
- 16.** Arising from the issuance of bonds or improperly collected taxes.
- 17.** Arising from School Board Errors and Omissions.
- 18.** Arising out of breach of contract, express or implied.
- 19.** As a result of failure or omission of the Member to effect or maintain insurance of any kind.
- 20.** For Wrongful Acts to:
 - a. A person arising out of any:
 - (1) refusal to employ that person
 - (2) termination of that person's employment; or
 - (3) employment-related practices, policies, acts, or omissions such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, or discrimination of the person; or
 - b. The spouse, child, parent, brother, or sister of that person as a consequence of "bodily injury" to that person toward whom any of the employment-related practices described in items (1), (2), or (3) above is directed.
 - c. This exclusion applies:
 - (1) whether the Member may be liable as an employer or in any other capacity; and
 - (2) to any obligation to share damages with or repay someone else who must pay damages because of the Wrongful Act.
- 21.** Arising out of pending or prior litigation.

V-C. Public Officials Liability Coverage DEFINITIONS

In addition to GENERAL COVERAGE Agreements, Conditions, Exclusions, and Definitions (listed in Sections I-A, I-B, I-C, and I-D), the following Definitions apply to the PUBLIC OFFICIALS LIABILITY COVERAGE Agreement:

1. CLAIM FIRST MADE

- a. The term “Claim First Made” shall be understood to happen when the Named Member first receives notice or knowledge of:
 - (1) A suit or request for services or damages; or
 - (2) An incident likely to give rise to a claim.
- b. All claims based on and arising out of the same Wrongful Act or a series of continuous or interrelated Wrongful Acts shall be considered to be a single claim that is first made as described in 1a. above.

2. WRONGFUL ACT(S)

The term “Wrongful Act(s)” means any actual or alleged violation of any federal, state, or local civil rights, or breach of duty by the Member in the discharge of duties for the Named Member, individually or collectively.

3. ULTIMATE NET LOSS

The term “Ultimate Net Loss” means the total sum that the Member becomes obligated to pay by reason of Wrongful Act(s) claims, through either adjudication or compromise.

**SECTION VI:
EMPLOYMENT PRACTICES LIABILITY
COVERAGE**

VI-A. Employment Practices Liability Coverage AGREEMENT

THIS IS A CLAIMS MADE COVERAGE

1. AGREEMENT L

The Fund hereby agrees, subject to the limitations, terms, and conditions hereunder mentioned, to:

- a. Indemnify and defend the Member for all sums which the Member shall become obligated to pay, all as more fully defined by the term Ultimate Net Loss, by reason of a Claim First Made against the Member during the Period of Coverage by reason of a Covered Event(s) while acting within the scope of the Member's duties as such, and only with respect to operations by or on behalf of the Named Member.
- b. The Fund will have no duty to defend a Member against any suit to which this coverage does not apply. The duty to defend shall end when the applicable limit of coverage has been paid by the Fund to or on behalf of the Member. In addition to covering the costs of defense, the Fund shall cover costs of investigation, appraisal, adjustment, settlement, or appeal of a specific claim, including court costs, appeal bonds, and prejudgment and post judgment interest (unless included as part of the judgment).
- c. Non-Monetary Defense Limits

Notwithstanding Exclusions 7 and 10 at page 99 stating that this coverage does not apply to actions seeking non-monetary relief, the Fund will defend a Member for such a claim if otherwise covered hereunder, subject to the limit of liability stated on the Declarations Page.

With respect to legal cost and expense to respond to a Covered Event claim lodged with the Vermont Human Rights Commission or Equal Employment Opportunity Commission, the Fund will defend the Member for such proceedings, subject to the non-monetary defense limit of liability stated on the Declarations Page.

- d. The Fund may, at its discretion, investigate any occurrence and settle any claim or suit that may result. The amount the Fund will pay for damages is limited as described in Section I-A. General Coverage Agreement 4: Limits of Liability.

No other obligation or liability to pay sums or perform acts or services is covered unless provided for under a Coverage Amendment or Extension in Section VI Employment Practices Liability Coverage. No rights or defenses of the Fund are deemed waived by its conduct in providing a defense or investigating any claim or suit.

2. EXTENDED REPORTING PERIOD

In the event of non-renewal or termination of this Coverage Agreement, this coverage shall extend to apply to Claims First Made against the Named Member during the sixty (60)-day period following immediately upon such expiration or termination, but only for Covered Events committed or alleged to have been committed prior to such expiration or termination.

- a. The Named Member shall have the right to elect a supplemental extended reporting period which in no event shall exceed thirty-six (36) months. An additional contribution equal to fifty percent (50%) of the contribution previously charged by the Fund shall be charged for each year for which the Named Member elects to have the reporting period extended.

- b. The right to elect an extended reporting period shall terminate unless written notice is given to the Fund not later than sixty (60) days after the effective date of cancellation or non-renewal.
- c. Extending the reporting period does not extend the Coverage Document Period of Coverage or change the scope of coverage provided. Subject otherwise to the Coverage Document's terms, limits of liability, exclusions and conditions, the coverage is extended to apply to Claims First Made against the Named Member during any applicable extended reporting period, but only to claims due to Covered Events occurring prior to the end of the Period of Coverage.
- d. Extended Reporting Periods do not reinstate or increase the Coverage Document's limit of liability. Claims which are first received and recorded during any applicable Extended Reporting Period will be deemed to have been made on the last day of the Period of Coverage.

3. NOTICE OF CLAIM

If, during the Period of Coverage or an extended reporting period, the Member shall receive written or oral notice from any party that it is the intention of such party to hold the Member responsible for any Covered Event(s), the Member shall give written notice thereof to the Fund as soon as practical. Any claims made against the Member arising out of such Covered Event(s) shall, for the purpose of this Coverage Agreement, be treated as a claim made during the Period of Coverage in which such notice was given to the Fund, or, if given during an extended reporting period, as a claim made during the last Period of Coverage.

4. LIMIT OF LIABILITY

- a. For purposes of determining the Limit of Liability, all claims involving the same Covered Event or a series of continuous or related Covered Events by one or more Members will be considered one Covered Event. All such losses shall be added together and the total amount of such losses will be treated as arising out of one Covered Event, irrespective of the period of time or area over which such losses occur.
- b. To the extent that events constituting Covered Events hereunder constitute or are alleged to also constitute Wrongful Acts within the scope of Coverage Agreement K – Public Officials Liability, the events shall be treated as a single claim under this Coverage Document. Moreover, as stated on the Declarations Page, a combined single limit of liability per claim, and in the aggregate, shall apply to all Covered Events and Wrongful Acts within the scope of Coverage Agreements K and L.

5. SEVERABILITY OF INTEREST

Except with respect to the Limit of Liability and any rights or duties specifically assigned in this Coverage Agreement to the Named Member, this Coverage applies separately to each Member against whom a claim is brought.

VI-B. Employment Practices Liability Coverage DEFINITIONS

In addition to GENERAL COVERAGE Agreements, Conditions, Exclusions, and Definitions (listed in Sections I-A, I-B, I-C, and I-D), the following Definitions apply to the EMPLOYMENT PRACTICES LIABILITY COVERAGE Agreement:

1. COVERED EVENT

The term “Covered Event” means:

- a. An employee, former employee, or applicant for employment with a Named Member alleges defamation, infliction of emotional distress, wrongful failure to employ or promote, wrongful discipline, retaliation, constructive discharge, invasion of privacy, wrongful infliction of mental anguish, wrongful demotion, negligent or wrongful evaluation, wrongful termination, violation of civil rights, or discrimination by a Member; or
- b. An employee or former employee of a Named Member alleges sexual harassment by a Member.
- c. “Alleges” includes lodging an oral or written complaint or charge with the governing board, management, or supervisory employee of a Named Member or with the Vermont Human Rights Commission or other similar regulatory agency or authority.
- d. “Covered Event” shall not include labor or grievance arbitration subject to a collective bargaining agreement, employment handbook, or other employment policies or procedures.

2. CLAIM FIRST MADE

- a. The term “Claim First Made” shall be understood to happen when the Named Member first receives notice or knowledge of:
 - (1) A suit or request for services or damages; or
 - (2) An incident likely to give rise to a claim.
- b. All claims based on and arising out of the same Covered Event or a series of continuous or interrelated Covered Events shall be considered to be a single claim that is first made as described in 2a. above.

3. ULTIMATE NET LOSS

The term “Ultimate Net Loss” means the total sum that the Member becomes obligated to pay by reason of Covered Event Claim(s), through either adjudication or compromise. Ultimate Net Loss does not include Back Wages and Benefits.

4. DISCRIMINATION

The term “Discrimination” as used in this Section means termination of an employment relationship or a demotion or a failure or refusal to hire or promote or otherwise to take any action against an individual with respect to his or her compensation, terms, conditions, privileges, or opportunities of employment because of race, color, religion, age, sex, disability,

pregnancy, national origin, sexual orientation, or other protected category or characteristics established pursuant to any applicable United States federal, state, or local statute or ordinance.

5. EMPLOYEE; SUPERVISORY EMPLOYEE

The term “Employee” means an individual whose labor or service is engaged by and directed by the Named Member. This includes part-time, seasonal, and temporary employees and individual employees in a supervisory, managerial, or confidential position. “Supervisory Employee” means a person on the Named Member’s governing board or a manager or any employee of a Named Member who has the authority to employ or terminate the employment of other employees of the Named Member.

6. SEXUAL HARASSMENT

The term “Sexual Harassment” as used in this Section means unwelcome sexual advances and/or requests for sexual favors and/or other verbal or physical conduct of a sexual nature that:

- a. Are made a condition of employment; and/or
- b. Are used as a basis for employment decisions; and/or
- c. Create a work environment that interferes with performance or creates an intimidating, hostile, or offensive work environment.

7. WRONGFUL TERMINATION

The term “Wrongful Termination” means termination of an employment relationship in a manner which is against the law and wrongful or in breach of an implied agreement to continue employment. Wrongful Termination shall not include damages determined to be owed under an express contract of employment or an expressed obligation to make payments in the event of the termination of employment.

8. BACK WAGES AND BENEFITS

The monetary value of wages, employee benefits, and any other compensation or benefit which a claimant alleges would have been earned or accrued if not for a Covered Event. Back pay is typically calculated from the date of a Covered Event to the date a claim was finalized or judgment was rendered.

VI-C. Employment Practices Liability Coverage EXCLUSIONS

In addition to the GENERAL COVERAGE Exclusions (listed in Section I-C), the EMPLOYMENT PRACTICES COVERAGE does NOT apply to:

1. Any liability arising out of any obligation under a workers’ compensation, occupational disease, disability benefits, or unemployment compensation law or any similar law.
2. Any liability arising out of the willful failure to comply with any law or any governmental or administrative order or regulation relating to employment practices. Willful includes acting with reckless disregard of such laws or employment related orders or regulations.

3. Any liability which the Named Member is obligated to pay by reason of the assumption of another's liability for a Covered Event in a contract or agreement. This exclusion will not apply to liability for damages as a result of a Covered Event for which the Named Member would have liability in the absence of the contract or agreement.
4. Any liability imposed on the Named Member under the Employee Retirement Income Security Act of 1974, also known as Public Law 93-406, and all subsequent amendments thereto.
5. Any liability arising out of
 - a. Retaliatory action by a Member against an employee who declines to perform an act that would require a violation of a clear mandate of public policy as reflected in legislation; administrative rules, regulations or decisions; judicial decisions; or a professional code of ethics; or
 - b. Retaliatory action by a Member against a claimant for filing a complaint or claim, giving testimony, or otherwise participating in proceedings relating to a Covered Event.
 - c. This exclusion does not apply to any Member who did not participate in, approve, or ratify the retaliatory action.
6. Any liability arising out of a labor grievance, lockout, strike, picket line, replacement of striking workers, unfair labor practice charge, or other similar actions resulting from labor disputes or labor negotiations.
7. Any civil or criminal fines or penalties, or any actions seeking non-monetary relief.
8. Any claim for payment of insurance plan benefits claimed by or on behalf of retired employees, or a payment a claimant would have been entitled to as an employee had the Member provided the claimant with continuation of insurance.
9. Claims arising out of Abuse & Molestation as defined in Section III-C Casualty Coverage Exclusion 5, page 64.
10. Any loss arising out of claims, demands, or actions seeking relief or redress in any form other than monetary damages, or for any fees, costs, or expenses which the Member may become obligated to pay as a result of any adverse judgment for declaratory relief or injunctive relief.
11. Any claim for which the Member is entitled to indemnity or payment by reason of having given notice of any circumstances which might give rise to a claim under any policies or agreements the term of which has commenced prior to the inception date of this Coverage Agreement.
12. Court approved consent decrees.
13. Any claim for Back Wages and Benefits.
14. Any claims otherwise covered under any Coverage Document issued by or through the Fund for any period prior to January 1, 1997.