

**HOUSING AUTHORITIES
RISK RETENTION POOL**

COVERAGE AGREEMENT

(as of January 1, 2011)

**HOUSING AUTHORITIES RISK RETENTION POOL
COVERAGE AGREEMENT**

TABLE OF CONTENTS

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	<u>PAGE</u>
<u>PREAMBLE</u>	1 of 1
 <u>INFORMATION PAGES</u>	
Item 1 Member Authority and Mailing Address	1 of 3
Item 2 Coverage Period	1 of 3
Item 3 Covered Locations, Towed & Mobile Equipment, Covered Automobiles, Personal Property	1 of 3
Item 4	1 of 3
Section I Property Coverages	1 of 3
Section II Liability Coverages	2 of 3
Limit of Liability	2 of 3
Section III Automobile Physical Damage Coverages	2 of 3
Section IV Fidelity and Crime Coverages	3 of 3
Item 5 Premiums.....	3 of 3
 <u>DEFINITIONS</u> (Definitions are Listed Alphabetically)	1 - 4

COVERAGES

SECTION I - PROPERTY COVERAGES

A. Buildings and Personal Property	1 of 9
B. Member Authority's Towed and Mobile Equipment.....	2 of 9
C. Rental Income Coverage	2 of 9
D. Fire Department Charges and Extinguishing Expenses	3 of 9
E. Demolition and Increased Cost of Construction	3 of 9
F. Expediting Expense.....	3 of 9
G. Consequential Loss	3 of 9
H. Liberalization	3 of 9
I. Mortgagees	4 of 9

SECTION II - LIABILITY COVERAGES

A. Defense and Settlement.....	4 of 9
B. Limit of Liability	5 of 9
C. Deductible	5 of 9
D. Extended Reporting Period (Errors & Omissions Coverage)	5 of 9
E. Medical Payments/Personal Injury Protection	6 of 9
F. Uninsured Motorist/Underinsured Motorist Coverages	6 of 9
G. Additional Covered Party.....	6 of 9

SECTION III - AUTOMOBILE PHYSICAL DAMAGE

A.	Appraisal for Physical Damage Loss	6 of 9
B.	As respects owned automobiles	6 of 9
C.	Loss Payment - Physical Damage Coverages	7 of 9

SECTION IV - FIDELITY AND CRIME COVERAGES

A.	Coverage	
1.	Employee Dishonesty	7 of 9
2.	Forgery or Alteration	8 of 8
3.	Theft	8 of 9

CONDITIONS

Conditions Applicable to All Coverages

A.	Representations	1 of 10
B.	Cancellation	1 of 10
C.	Non-Renewal/Expulsion	1 of 10
D.	Changes	1 of 10
E.	Examination of Your Books and Records	2 of 10
F.	Inspections and Surveys	2 of 10
G.	Premiums	2 of 10
H.	Transfer of Your Rights and Duties Under this Coverage Agreement	2 of 10
I.	Bankruptcy	2 of 10
J.	Duties in the Event of Occurrence, Claim, Suit or Loss	2 of 10
K.	Legal Action Against Us	3 of 10
L.	Other Coverage	3 of 10
M.	Separation of Covered Parties	4 of 10
N.	Transfer of Rights of Recovery Against Others to Us	4 of 10
O.	Arbitration	4 of 10
P.	Mistake in Description	5 of 10
Q.	Coverage Extensions	5 of 10
R.	Coverage Period	5 of 10
S.	Non-Accumulation of Limits of Liability	5 of 10
T.	Other Insurance	5 of 10
U.	Ownership of Property: Interests Covered	6 of 10
V.	Records	6 of 10
W.	Recoveries	6 of 10
X.	Transfer of Ownership	6 of 10
Y.	Limit of Liability	6 of 10

Additional Conditions Applicable to Property Coverages

A.	Control of Property	6 of 10
B.	No Benefit to Bailee	6 of 10
C.	Deductibles	6 of 10
D.	Newly Acquired Property	6 of 10
E.	Valuation of Property	7 of 10

Additional Conditions Applicable to Rental Income Coverage

A.	Period of Recovery	7 of 10
B.	Interruption by Civil or Military Authority	7 of 10
C.	Ingress/Egress	8 of 10
D.	Non-Owned Adjacent Property	8 of 10

Additional Conditions Applicable to Errors and Omissions Coverage 8 of 10

Additional Conditions Applicable to Auto Liability Coverage 8 of 10

Additional Conditions Applicable to Fidelity and Crime Coverages

A. Cancellation as to any Employee 8 of 10
B. Facsimile Signatures 8 of 10
C. Proof of Loss 8 of 10
D. Consolidation-Merger 9 of 10
E. Joint Covered Party 9 of 10
F. Loss Discovery Period 9 of 10
G. Loss Covered under more than one sub-part of this Fidelity & Crime Coverage 9 of 10
H. Loss Sustained During Prior Insurance 9 of 10
I. Valuation - Settlement 9 of 10

EXCLUSIONS APPLICABLE TO ALL COVERAGE PARTS

General Exclusions 1 of 7
A. Concealment, Misrepresentation or Fraud 1 of 7

Section I Property Coverage 1 of 7
 Property/Crime 3 of 7
Section II Liability Coverages 3 of 7
Section III Automobile Physical Damage Coverages 6 of 7
Section IV Fidelity and Crime Coverages 6 of 7

HOUSING AUTHORITIES RISK RETENTION POOL

PREAMBLE

- The Public Housing Authority members of the Housing Authorities Risk Retention Pool have joined together in the recognition that there are advantages gained by participating with similar entities in a cooperative program of risk management and indemnification. Among those advantages are a greater voice in establishing policies, procedures, coverage terms and premium levels because their colleagues and pooling partners compose HARRP's Board of Directors.
- As signatories to HARRP's charter, the Amended and Restated Intergovernmental Cooperation Agreement (Rev. 7/92), the member authorities share risks with one another in accordance with the terms of coverage agreements approved by HARRP's Board of Directors. **The coverage agreements are not policies of insurance.** Rather, they are pooled coverage agreements, created by HARRP's member authorities through their elected representatives on HARRP's Board of Directors. Issues regarding interpretation or application of the *coverage* agreements are to be decided by the application of laws relating to contractual relationships.
- The member authorities intend to provide cooperative programs of risk management and pooled coverage for those exposures and activities that are common among the member authorities. Implicit in this undertaking is that HARRP and the member authorities will act in good faith and deal fairly towards one another in all transactions. Intentional conduct which is known to the member authority or, as a matter of common knowledge, is known to cause harm to another person or entity is not covered by these pooled coverage programs.
- Amendments to this coverage agreement and expansions or contractions of the pooled coverages can be accomplished by consensus of a majority of HARRP's member authorities acting through their elected representatives on HARRP's Board of Directors.
- This coverage agreement consists of the following parts:
 - Preamble
 - Information Pages
 - Definitions
 - Coverages
 - Conditions
 - Exclusions
 - Endorsements (as necessary)
- Throughout this coverage agreement and the individual coverage parts, *covered entity*, *you* and *your* refers to the member authority shown on the Information Pages. The words *HARRP*, *we*, *us* and *our* refer to Housing Authorities Risk Retention Pool. The term *covered party* refers to any person or organization qualifying as a *covered party* in individual coverage parts.
- Any inconsistency between the terms of this coverage agreement and the Amended and Restated Intergovernmental Cooperation Agreement (Rev. 7/92) shall be resolved by the application of the terms of the Amended and Restated Intergovernmental Cooperation Agreement (Rev. 7/92).
- In return for payment of the appropriate premium, *we* agree with *you* to provide the pooled coverages described in this coverage agreement.
- With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

HOUSING AUTHORITIES RISK RETENTION POOL INFORMATION PAGES

ITEM 1. Member Authority and Mailing Address: Member No. 000-PLEAF

Housing Authority

ITEM 2. Coverage Period
From 00/00/** to 00/00/**

As respects Errors and Omissions coverage, the Retroactive Date is: 00/00/**

ITEM 3. Covered Locations: As reported on attached Risk 360 database
 Towed and Mobile Equipment: As reported on auto inventory submitted under separate cover
 Covered Automobiles: As reported on auto inventory submitted under separate cover
 Personal Property: As reported on attached Risk 360 database

ITEM 4. This coverage agreement applies to the locations and items of property shown in Item 3 and the coverages and coverage sections indicated in the Information Pages by a “yes” beside the coverage; subject to all of the limits, terms and conditions of this coverage agreement including forms and endorsements made a part hereof. For all liability coverages, the Defense Costs are included in, and not in addition to, the limits of liability.

SECTION I – PROPERTY COVERAGES

Coverage & Perils	Loss Limit and Deductible
Blanket all Property All Risk	\$ Stated Value per occurrence / \$1,000 deductible \$ <u>2,000,000</u> pooled coverage Excess Property insurance up to \$65,000,000
Equipment Breakdown	\$2,000,000 any one accident, any one policy, \$1,000 deductible

Coverage Section	Included (Yes or No)
A Buildings and Personal Property and Equipment Breakdown	YES
B Towed and Mobile Equipment	NO
C Rental Income Coverage	NO

SECTION II – LIABILITY COVERAGE

Coverage Section		Included (Yes or No)
A	Bodily Injury and Property Damage (other than automobile liability)	YES
B	Personal Injury	YES
C	Errors and Omissions	YES
D	Bodily Injury & Property Damage (Automobile)	YES

Optional Coverages		Included (Yes or No)
1	Employers Liability (NV & WA Only)	YES

LIMIT OF LIABILITY

Coverages (s)		Per Occurrence	Annual Aggregate
1	A&B (excluding loss arising from operation or use of a covered automobile)	\$2,000,000	\$2,000,000
2	C (excluding loss arising from operation or use of a covered automobile)	\$2,000,000	\$2,000,000
3	Loss arising from use of a non-owned covered automobile	\$1,000,000	\$1,000,000
4	D Bodily Injury & Property Damage (Automobile)	\$1,000,000	\$1,000,000
5	Medical Payments (Automobile)	In accordance with state law	

SECTION III – AUTOMOBILE PHYSICAL DAMAGE COVERAGES

Coverage	Included (Yes or No)	Limit of Liability	Deductible
Comprehensive Coverage	YES*	Actual Cash Value	\$250
Collision Coverage	YES*	Actual Cash Value	\$500

***Per most recent auto inventory.**

SECTION IV – FIDELITY AND CRIME COVERAGES

Coverage Section	Included (Yes or No)	Limit of Liability	Deductible
Employee Dishonesty	YES	\$100,000	\$1,000
Forgery or Alteration	YES	\$100,000	\$1,000
Theft	YES	\$10,000	\$1,000

ITEM 5. Premiums

Section I -	Property	\$	<u> .00</u>
Section II -	Liability		
	General Liability	\$	<u> .00</u>
	Errors & Omissions	\$	<u> .00</u>
Section III -	Automobile Coverage		<u> .00</u>
Section IV -	Fidelity and Crime	\$	<u> .00</u>
TOTAL GROSS PREMIUM:		\$	<u> .00</u>

Countersigned:

Date: _____

by: _____

Executive Director
Housing Authorities Risk Retention Pool

by: _____

Executive Director
Housing Authority

HOUSING AUTHORITIES RISK RETENTION POOL

DEFINITIONS

Words and phrases in the "Definitions" section of this coverage agreement appear throughout the coverage agreement in *italicized print*.

- *Accident* is an event which takes place without one's foresight or expectation or design and is caused by direct physical damage to *covered property*. When an initial *accident* causes other *accidents* then all *accidents* will be considered one *accident*; and all *accidents* that are the result of the same event will be considered one *accident*.
- *Actual cash value* means the cost to replace or repair damaged property, less depreciation, and shall be the lesser of:
 1. The cost of repair; or
 2. The cost to replace with like kind and quality.
- *Additional Covered Party* means any person, organization, trustee or estate that is specifically endorsed to this Agreement and to whom or to which the *covered entity* is obligated by virtue of a written contract to provide *coverage* as is afforded by this Agreement, but only with respect to operations performed by or on behalf of the *covered entity* or to facilities used by the *covered entity*. The limit and scope of *coverage* afforded by endorsement to this Agreement shall be no broader than that which is required by such contract and shall in no event be broader than the *coverage* afforded by the written endorsement under this Agreement.
- *Amendment* means any written endorsement that alters *coverage* terms as described in this coverage agreement.
- *Automobile* means a land motor vehicle or trailer or semi-trailer designed and licensed for travel on public roads or subject to motor vehicle registration. A *covered automobile* refers to an *automobile* whose value, make, model and vehicle identification numbers have been reported to *us* for *coverage D* (Section II).
- *Bodily injury* means bodily injury, sickness, disability or disease, mental anguish, mental injury, shock and humiliation sustained by a person, including death resulting from any of these at any time.
- *Claim* shall mean damage to *covered locations* and/or *contents* of the *covered entity* to which this coverage agreement applies if such property has been reported to *us* in a timely manner.

Claim shall also mean the institution, in a court of competent jurisdiction, of any lawsuit against the *covered party* or the submission of a written claim in compliance with any applicable state tort claim act.
- *Claims made coverage* means that the act alleged to have created the liability and the claim against the *covered party* must both have taken place during the coverage period. Errors and Omissions and Fidelity and Crime coverages are written on a claims made basis.
- *Computers and related equipment* means electronic *data* processing equipment and components, connections, extensions, peripherals and systems, owned by, leased to or under the control of the *covered entity*.
- *Contents* means personal property or *covered property* (including improvements or betterments to real property) that is owned, used by or intended for use by the *covered entity* while at a *covered location*;

or while in transit, but only while in or upon a covered *automobile*.

- *Coverage* means the indemnification provided under this coverage agreement subject to all the terms, conditions and limitations of this coverage agreement.
- *Covered entity* means the named member public housing authority.
- *Covered location* means a location which is owned by, leased by or in which a *covered* entity has an insurable interest and which is covered by this *coverage* agreement by having been revealed in writing to *us* and been subjected to the appropriate premium charge.
- *Covered location* in the "Fidelity and Crime Coverage" part means a building occupied by a member authority for conducting business.
- *Covered Party* means:
 1. *You*, as the *covered entity*;
 2. *Your* employees, elected or appointed officials and authorized volunteers while acting for *you* or on *your* behalf, including all commissions, agencies, boards, authorities, or similar entities which operate under *your* supervision or control; and
 3. Anyone else while using, with *your* permission, an *automobile* you own, hire or borrow if the automobile liability coverage is purchased.
- *Covered Property* means structures, contents or other personal property to which this coverage agreement applies, and which its description and values have been reported to us as listed on Item 3 of the *Information Pages*.
- *Data* means all information stored on *media* devices which is used in the operation of the *covered entity's* housing and/or community development programs and data processing.

- *Defense costs* means all fees and expenses caused by and relating to the adjustment, investigation, defense or litigation of a *claim* including attorney's fees, court costs and interest on judgments accruing after entry of judgment. *Defense costs* shall not include *our* or *your* office expenses or salaries of employees.

- *Employee* means:

1. Any person while in *your* service, whom *you* compensate directly by salary, wages or commissions, and whom *you* have the right to direct and control while performing services for *you*; or
2. Any person employed by an employee leasing company while subject to *your* direction and control and performing services for *you* (This excludes any such person having care and custody of property outside the *covered location*); or
3. Volunteers while performing services for *you*.

Employee does not mean any:

1. Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
 2. Director or commissioner except while acting, in good faith, in his/her official capacity as an agent of the *covered entity*.
- *Employment related practices* means wrongful termination of employment or demotion; the actual or alleged failure to hire, employ, or promote; the granting, continuation or termination of an employment related right; or the alleged harassment or discrimination of any employee on the basis of race, color, religion, age, sex, sexual orientation, ancestry, national origin, physical, mental or developmental disability, or any other protected status.

- *Errors and Omissions* means any misstatement or misleading statement or act or omission or neglect or breach of duty including misfeasance and nonfeasance by a *covered party* in their capacity as such. Errors and Omissions includes *employment related practices*. Errors and Omissions does not include any *claim* brought by the *covered entity*.
- *Extended reporting period* means that period of time following the end of the *coverage* period during which the *covered entity* is permitted to report to *us claims* for which *coverage* might be available under this *coverage* document.
- *Information Pages* means the *Information Pages* attached to and incorporated into this *coverage* agreement, setting forth the specifics of the *coverages*, limits, deductibles, contributions and special provisions elected by the *covered entity*, including any modifications made by issuance of any amendatory *Information Pages* or endorsements.
- *Media* means all material (except paper) on which *data* are recorded including magnetic tapes, disk packs, *data* storage devices, program devices for *computers and related equipment*.
- *Mold or fungal contamination* includes, but is not limited to, fungi, mold, mildew, or their spores, mycotoxins, volatile organic compounds (scents), residue or by-products.
- *Money* means currency, coins and bank notes in current use and having a face value, and warrants, checks, travelers checks, register checks and money orders held for sale to the public.
- *Motorized vehicle* means a self propelled vehicle having a place for an on-board operator; including but not limited to riding lawn mowers, tractors and golf carts.
- *Non-owned automobile* means an automobile that is not owned, leased, hired, rented or borrowed by the covered entity. It includes an *automobile* that is owned by an employee, commissioner or volunteer but

only while used on official business of the *covered entity*. This coverage shall apply excess of any insurance maintained by the owner of an *automobile* you hire or borrow or that is driven by one of *your* employees on authority business. This coverage shall not apply towards any deductibles of any insurance maintained by the owner.

- *Hired Auto* means an automobile that is not owned, but leased, hired, rented or borrowed, but only while used on official business of the *covered entity*.
- *Occurrence* means:
 1. As respects *bodily injury* and *property damage* liability, an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results in *bodily injury* or *property damage* the *covered party* neither expected nor intended; or
 2. As respects *personal injury*, an act committed during the *coverage* period which results in *personal injury*; or
 3. As respects *Errors and Omissions*, a *claim* made during the *coverage* period for *errors and omissions*, not otherwise excluded in this *coverage* agreement, for acts committed on or after the Retroactive Date.

A *claim* by a person or organization seeking damages will be deemed to have been made when notice of such *claim* is received and recorded by any *covered party* or by *us*, whichever comes first. All *claims* for damages because of the same *errors and omissions* causing loss to the same person or organization will be deemed to have been made at the time the first of these *claims* is made against any *covered party*.
 4. As respects Fidelity and Crime coverage, an act or series of related acts involving one or more persons resulting in a covered loss. A loss will be deemed to have occurred on the date that it is discovered by the covered entity.

- *Other structures* refers to incidental structures providing support services to *Covered Property*, such as detached garages, detached carports, trash bin enclosures, storage sheds, well houses, septic enclosures, etc.
- *Personal injury* means injury, other than *bodily injury*, arising out of one or more of the following offenses:
 1. False arrest, detention or imprisonment, or defective service of process;
 2. Malicious prosecution or humiliation;
 3. Wrongful entry or eviction, or other invasion of the right of private occupancy; or
 4. Libel, slander or defamation of character.
- *Pollutants* means any solid, liquid, gaseous, chemical or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste does not include materials to be recycled, reconditioned or reclaimed as part of a municipal recycling program.
- *Property damage* means:
 1. Physical injury to or destruction of tangible property, including all resulting loss of use of that property; or
 2. Loss of use of tangible property that is not physically injured.
- *Property Other Than Money and Securities* means any tangible *property other than money and securities* that has intrinsic value excluding any property listed in a *Crime coverage* as *Property Not Covered*.
- *Replacement cost* means the least of the following:
 1. The cost to repair; or
 2. The cost to rebuild or replace, on the same size foundation, with new

materials of equivalent size, kind, and quality; or

3. a. On buildings or structures, machinery, fixtures, and equipment: the actual expenditure incurred in repairing, rebuilding, or replacing the damaged or destroyed property on the same or another site, but not to exceed the size and operating capacity that existed at the time of loss; or
- b. On all other property: the amount actually expended to replace.

If repairs to a damaged property are not commenced within six months and are not substantially completed (substantially completed means that the damaged unit(s) is/are within four weeks of receiving the final inspection of the local building inspector) within twelve months of the date of loss the basis of payment shall be the *actual cash value*. This time limit can be extended by written agreement of HARRP and on the showing of extenuating circumstances.

- *Retroactive Date* means the earliest date an occurrence could happen and be covered under the Errors and Omissions or Fidelity & Crime coverage parts.
- *Securities* means all negotiable and non-negotiable instruments and contracts representing either *money* or other property and includes revenue and stamps in current use, tokens and tickets, but does not include *money*.
- *Specified Perils* means fire, lightning, wind, hail, aircraft, vehicles, discharge from fire protective or building service equipment, explosion, riot or civil commotion.
- *Suit* means a civil proceeding in which damages because of *bodily injury, property damage, personal injury* or *errors and omissions* to which this *coverage* applies are alleged. *Suit* includes an arbitration or mediation proceeding, conducted subsequent to the filing of the lawsuit, to which *you* must submit because of a law, regulation or other governmental authority, but does not include arbitration proceedings required

under collective bargaining agreements or other contracts.

- *Towed and mobile equipment* means equipment primarily used for construction or used for repair or maintenance whether or not subject to licensing under state motor vehicle laws. Mobile equipment shall not include janitorial or interior building maintenance or similar equipment.

HOUSING AUTHORITIES RISK RETENTION POOL COVERAGES

SECTION I - PROPERTY COVERAGES

This property agreement covers direct physical loss of or damage to *your* structures, contents and personal property (subject to the applicable deductible) except as otherwise excluded. This applies to all property described in Item 3 of the *Information Pages* for which values are reported to *us* wherever located.

A. Buildings and Personal Property

Buildings and Personal Property Covered

Except as hereinafter excluded, the *coverage* agreement covers:

1. The interest of the *covered entity* in all structures, *contents* and personal property (including improvements and betterments) owned, used or intended for use by the *covered entity*, on a given site or in the open within 500 feet thereof, owned by the *covered entity* or in which the *covered entity* has an insurable interest or which the *covered entity* is under obligation to insure, and shall include:
 - a. Improvements and betterments introduced by the *covered entity* to buildings not owned by the *covered entity*, the contents of which are covered hereunder. In the event of loss or damage, the *covered entity* shall be treated as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.
 - b. Trailers, riding mowers, towed equipment, golf carts and vehicles not licensed for travel on public roads, when such items are included in the "Contents Value" of the location where they are most often used or stored.
 - c. All supplies, tools and permanent fixtures pertaining to the services of buildings except as excluded.
 - d. The expense of removing debris from *covered property* which originates from a covered peril causing damage therein. There is no *coverage* for the expense of removing or containing contaminated property not covered hereunder whether or not the contamination resulted from a covered peril. Contamination includes, but is not limited to, pollutants. There is *coverage* for the cost of complying with any law, ordinance or order of civil authority regarding the removal, disposal or decontamination of *covered property* at a *covered location*. In no event shall payment for debris removal exceed 25% of the amount of the direct physical loss to *covered property* at the *covered location* as a result of any one loss.
 - e. *Your* property which has been removed from a *covered location* for the purpose of being repaired, serviced, exhibited, or avoiding threatened damage from any peril covered by the *coverage* agreement. This does not include property otherwise covered or insured, property excluded under the *coverage* agreement or property removed from a *covered location* for normal storage or preparation for sale.
- Liability under this clause is limited to an amount not exceeding \$50,000, or the declared amount of the property, whichever is smaller, for a period of sixty (60) days from the date of removal.

- f. The premium paid by the qualified low bidder for any faithful performance or bid bond required by law or regulation that is applicable to the work required to restore the *covered entity's covered property* to full use and occupancy.
2. The interest of the *covered entity* in the buildings and personal property of others in the *covered entity's* care, custody or control and the *covered entity's* liability as imposed by law or assumed by contract, for such property (except for *automobiles*).
3. Personal property, other than *automobiles* and their contents, of the *covered entity's* officials and employees while on the premises of the *covered entity*, provided values do not exceed \$250/employee and are substantiated following a reported loss.
4. *Valuable papers and records*, which means assembled information relating to the *covered entity's* operations, *data*, evidence of ownership or debt, or other intellectual property and is contained in written, printed, otherwise inscribed documents or *media*. This *coverage* is in an amount not to exceed \$10,000 and applies to damage or destruction resulting from *specified perils*.
5. Computers and related equipment belonging to the *covered entity* and reported in Item 3 of the Information Pages.
6. The reproduction or replacement of *media* or software which is damaged or destroyed by *specified perils*, limited to \$50,000.
7. Personal property in transit within and between the territorial limits of this *coverage* agreement including coastal waters, by any means of conveyance. Liability of this transit clause is limited to \$10,000.
8. Outdoor fences, retaining walls, towers and antennas, signs, trees, shrubs, and plants, up to a value of \$10,000 per loss for loss or damage caused by *specified perils* (no single tree, shrub or plant in excess of \$250). The valuation will be *actual cash value*.

Structures are covered for *replacement cost* up to 125% of the value reported except as otherwise stated.

9. Other structures, as defined in "Definitions" shall be covered up to 20% of the associated buildings replacement cost.

B. Member Authority's Towed and Mobile Equipment

The *coverage* agreement covers loss or damage to the Member Authority's towed and mobile equipment, resulting from a covered peril for the *actual cash value* reported to us. Member Authority's towed and mobile equipment shall include equipment, spare and repair parts and accessories. *Coverage* is extended to include borrowed or rented or newly purchased equipment up to the lesser of \$50,000 per loss, or *actual cash value*.

This *coverage* does not include:

1. Loss of use or consequential loss of any kind;
2. Loss or damage to property while waterborne except while in transit by public carriers for hire;
3. Loss or damage resulting from unauthorized use;
4. Loss or damage to property which the *covered entity* has loaned, rented, hired or leased to others; or
5. Unexplained or mysterious disappearance, or shortage disclosed upon taking inventory.

C. Rental Income Coverage

The *coverage* agreement covers loss of rents sustained by the *covered entity* resulting directly from untenability which is caused by damage to or destruction of the premises listed on the current "Schedule/Rental Income" on file with us. Such damage to or destruction of the premises must be the result of perils covered by this *coverage* agreement.

The actual amount of Rental Income *coverage* for which *we* are liable is the verified reduction of rental income from dwelling units directly

affected by the damage to or destruction of the covered premises, reduced by charges and expenses which do not necessarily continue during the period of untenability. The period of untenability commences on the date of damage or destruction of the premises and continues for only such length of time as would be required, with the exercise of due diligence, to repair, rebuild or replace such parts of the premises which have been damaged or destroyed. Any subsequent vacancy due to rental market conditions or other circumstances will not be included in calculating rental income losses.

Our maximum rental income loss for the partial or total destruction of a *covered property* shall be that amount listed for such property on the current "Schedule/Rental Income" form.

D. Fire Department Charges and Extinguishing Expenses

If *covered property* is destroyed or damaged by a covered peril, the *coverage* agreement shall cover any fire department charges and other extinguishing expenses for which the *covered entity* may be assessed and the cost of fire extinguishing materials expended. This does not include the cost to recharge or replace a fire extinguishing system, such as a halon system.

This *coverage* applies to fire department charges that are assessed upon a "per response" basis, not any annual assessment.

E. Demolition and Increased Cost of Construction

In the event a covered loss is affected by any law or ordinance which regulates the demolition, construction or repair of damaged units or common areas, *we* shall be liable for:

1. The cost of demolishing the undamaged building, required by such regulations, including the cost of clearing the site;
2. The increased cost of repair or reconstruction of the damaged units or common areas of the building on the same site, limited to the minimum requirements of

any law or ordinance regulating the repair or reconstruction of the damaged property with like material, quality, size and style and for like occupancy and use on the same property. *We* shall not be liable, however, for any increased cost of construction, unless the damaged unit(s) is/are actually rebuilt or replaced; nor shall *we* be responsible for the cost of betterments not required by law or ordinance. *We* shall not be responsible for additional costs attributable to providing additional required parking spaces or for services not previously provided at the *covered location*.

Our total liability for the entire property *claim* shall not exceed 125% of the reported value of the damaged building(s). In a multi-building development, our liability extends to 125% of the reported value of each of the buildings in the development. If a *member* is alerted that a location value appears inadequate, then the member must increase its agreed value, produce a valuation report justifying the reported value or accept 100% of the reported value in coverage

F. Expediting Expense

The *coverage* agreement covers the reasonable extra cost of temporary repair and of expediting the repair of damaged property covered hereunder, including overtime and express freight or other rapid means of transportation, where such is necessary and approved in writing by us.

G. Consequential Loss

The *coverage* agreement covers consequential loss to the *covered property* suffered by the *covered entity*. Consequential loss as referred to in this *coverage* section means loss caused by change of temperature or humidity within a *covered location* caused by interruption of power, heat, air conditioning, or refrigeration as a result of damage to property covered hereunder or property of others in the care, custody or control of the *covered entity*.

H. Liberalization

If we adopt any amendment that would broaden the coverage under this coverage part without additional premium, the broadened coverage will immediately apply to this coverage part, unless otherwise stated.

I. Mortgagees

We will make payment for loss or damage to buildings payable jointly to you and to any mortgagees endorsed herein, as your respective interests may appear. The mortgagee has the right to receive loss payment even though:

- 1. You failed to comply with the terms and conditions of this Coverage Section; or
- 2. Your mortgagee starts foreclosure or similar actions of the subject building.

If we make loss payments to your mortgagee when you fail to comply with the terms and conditions of this Coverage Section, you must reimburse us to the extent we paid your mortgagee. Your mortgagee will still have the right to receive the balance of the mortgage debt from you.

We also have the right to take over your mortgage after making loss payment to the mortgagee. If we do, you will pay the balance of your mortgage debt to us.

If you fail to pay your premium, we may request it from your mortgagee. Your mortgagee must notify us of any change in ownership of a covered property known to the mortgagee.

If we cancel this Coverage Section, we will give the mortgagee, endorsed herein, the same notice of cancellation we will give you.



SECTION II - LIABILITY COVERAGES

We will pay on behalf of the covered party those sums that the covered party becomes legally obligated to pay as damages because of:

Coverage A -Bodily injury and Property Damage (other than Automobile Liability)

Coverage B -Personal Injury

Coverage C -Errors and Omissions

Coverage D -Bodily injury and Property Damage (Automobile Liability)

caused by an occurrence in connection with the covered entity's operation of a housing authority.

A. Defense and Settlement

It is agreed that HARRP will not provide a defense or pay attorney's fees or defense costs for any loss, claim, proceeding, suit or any other legal or administrative action, or part thereof, to which this coverage agreement does not apply and/or for which there is no coverage or indemnification afforded, except at the sole discretion of the HARRP Board of Directors; provided however, that HARRP may choose, in its sole discretion, to provide a defense or pay attorney fees or defense costs for a loss, claim, proceeding, suit or other action, or part thereof, to which this coverage agreement does not apply, but only if HARRP determines, in the sole discretion of the Board of Directors, that the provision of a defense or payment of attorney fees may avoid a legal precedent that may have a materially adverse effect upon HARRP or its members in other circumstances or proceedings. Such discretion of HARRP or the Board of Directors shall be absolute and unconditional and shall not be subject to any requirement of reasonableness or fairness whatsoever.

We have a right to investigate and/or defend any claim or suit asserted against a covered party, but:

- 1. The amount we will pay for damages, which includes judgments, settlements and defense costs, is limited as described in the limit of liability.
- 2. We may, at our discretion, investigate any occurrence and settle any claim or suit that

may result. This shall confer no obligation on us to investigate *claims* or obtain the covered party's consent or agreement prior to settlement although *we* shall endeavor to obtain such consent or agreement.

3. Our obligations under this *coverage* end when *we* have used up the limit of liability in the payment of judgments, settlements or *defense costs* (or any combination thereof) under *coverages* A, B, C or D. This applies to both *claims* and *suits* pending at that time and those filed thereafter.
4. *Defense costs* are part of and not in addition to the limit of liability.
5. *We* retain the exclusive right to select and appoint defense counsel for any loss *we* defend and to negotiate and settle any covered loss.

B. Limit of Liability

1. Our total limit of liability for loss resulting from any one *occurrence* will not exceed the limit of liability specified in the Information Pages. This will be true regardless of the number of:
 - a. Covered parties,
 - b. *Coverages* involved in the loss,
 - c. *Claims* made and *suits* brought for any *occurrence*, and
 - d. Persons or organizations making *claims* or bringing *suits*.
2. In determining our limit of liability, all injury, damages, loss and *defense costs* arising out of continuous or repeated exposure to substantially the same general harmful conditions will be considered as arising out of one *occurrence* and commencing on the date of the first such exposure.
3. The Aggregate Limit is the most *we* will pay for damages caused by all *occurrences* during any single *coverage* period.

4. Our total limit of liability is further limited to our cash, investments and tangible assets (including reinsurance and excess insurance recoveries) as stated in Section 4.4 of the Amended and Restated Intergovernmental Cooperation Agreement (Rev. 7/92) issued to all Member Public Housing Authorities.

C. Deductible

Errors and Omissions claims are subject to a deductible of 10% of the first \$300,000 and 3% of any amount above that, subject to a minimum deductible of \$2,500 per claim.

If a general liability deductible is maintained by a *covered entity* it will be indicated by endorsement issued to the *covered entity*.

D. Extended reporting period (Errors & Omissions Coverage)

1. One or more *extended reporting period(s)* described below will be provided if the *coverage* agreement is canceled or non-renewed, or if *we* renew or replace this errors and omissions *coverage* with other than *claims made coverage*.
2. A basic *extended reporting period* is automatically provided without additional charge. This period begins at the termination of the *coverage* agreement and lasts for ninety (90) days. The basic *extended reporting period* does not apply to *claims* attributed to any subsequent *coverage* period.
3. Alternatively, up to three (3) supplemental *extended reporting period(s)* of twelve (12) months each, are available. *Coverage* for supplemental *extended reporting period(s)* must be added by endorsement for which an additional premium charge must be paid. Such period starts ninety (90) days after the end of the *coverage* period. *You* must purchase this *coverage* prior to the end of the *coverage* period.

automobile's overturn. Damage, including broken glass, resulting from falling objects, explosion, vandalism, hail, windstorm or colliding with a bird or animal shall not be deemed to be loss caused by a collision.

3. *Automobile Rental:*

We will pay up to \$25 per day to a maximum of \$750 for transportation expense incurred by *you* because of the total theft of a covered *automobile* or while covered damage is being repaired. *We* will pay only for those covered *automobiles* for which *you* carry Comprehensive and Collision coverages. *We* will pay for transportation expenses incurred during the period beginning when a damaged vehicle becomes undrivable and ending when it is returned to use, or this limit is exhausted. Regarding stolen vehicles, this coverage begins forty-eight (48) hours after the theft and ends when the covered *automobile* is returned to use, or *we* pay for its loss or the above limit is reached.

4. *Limit of Liability:*

We will pay the lesser of:

- a. The *actual cash value* of the damaged or stolen property at the time of the loss; or
- b. The cost of repairing or replacing damaged or stolen property with property of like kind and quality.

5. *Deductible:*

For each covered *automobile*, our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Information Pages. Any Comprehensive coverage deductible shown in the Information Pages does not apply to loss caused by fire or lightning. For high value vehicles (those with a value new in excess of \$50,000) the deductible shall be \$2,500 for comprehensive and \$2,500 for collision coverage.

C. Loss Payment - Physical Damage Coverages

At *our* option, *we* may:

- 1. Pay for, repair or replace damaged or stolen property;
- 2. Return the stolen property, at our expense and pay for any damage that results to the *automobile* from the theft; or
- 3. Take all or any part of the damaged or stolen property at an agreed or appraised value.



SECTION IV - FIDELITY AND CRIME COVERAGES

We will pay for loss suffered by the *covered entity* involving those fidelity and crime coverage parts *we* cover. Fidelity and crime coverage does not include the following sections unless the word "included" is present beside the coverage section in the Coverage Agreement's Information Pages.

COVERAGE SECTION	Included / Not Included
A. Employee Dishonesty	Included
B. Forgery or Alteration	Included
C. Theft	Included

A. Coverage

1. Employee Dishonesty

We will pay for loss of or damage to *money, securities* and *property other than money and securities* resulting directly from employee dishonesty up to the limit shown as the limit of liability in the Information Pages. The amount *we* pay is limited to that portion of loss exceeding the deductible shown on the Information Pages. *We* will then pay in excess of the deductible up to the limit shown in the Information Pages.

Employee dishonesty means only dishonest acts committed by an *employee*, whether

identified or not, acting alone or in collusion with other persons, with the manifest intent to cause *you* loss and obtain financial benefit (other than earned *employee* benefits) for the *employee* or any person or organization intended by the *employee* to receive that benefit.

2. Forgery or Alteration

We will pay for loss involving forgery or alteration of, on or in any checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in *money* that are:

- a. Made or drawn by or drawn upon *you*;
- b. Made or drawn by one acting as *your* agent;

or that are purported to have been so made or drawn. The amount *we* pay is limited to that portion of loss exceeding the deductible shown in the Information Pages. *We* will then pay in excess of the deductible up to the limit shown in the Information Pages.

3. Theft

We will pay for loss which is caused by theft (meaning any act of stealing by someone other than *your* employee) of money and securities as follows:

- a. Loss of *money and securities* inside a *covered location* or inside a bank or similar depository; or
- b. Loss of *money and securities* outside a *covered location* while in the care and custody of an *employee*; or
- c. Loss of, and damage to, a locked safe, vault, cash register, cash box or cash drawer in the *covered location* resulting from an actual or attempted unlawful container theft or entry; or
- d. Damage to the *covered location* or its exterior resulting from actual or

attempted theft of *covered property* if *you* are the property owner or are liable for damage; or

- e. Loss of *money and securities* while outside the *covered location* in the care and custody of an armored motor vehicle company.
- f. Loss of money caused by or resulting from the electronic transfer of funds but only if, prior to the loss, a *covered entity* has certified that the following conditions exist:
 - i. They confirm that the banks with which they deal have primary *coverage* for such losses and inform HARRP of the limits (i.e. cybertheft.)
 - ii. The banks have a password protected system where each entity accessing the system has its own password.
 - iii. The Authority must maintain a list of employees who are authorized to make ETF's and describe the circumstances of their authority. The Authority must establish and follow a user password system with a separate password for each person authorized to make electronic transfers of funds. The password will only be known to that user. It will be placed into a sealed envelope and kept under the personal control of the executive director and changed at least annually.
 - iv. The computers used for ETF must have, at all times, updated virus protection and firewalls to protect them from outside access.
 - v. The computers used for ETF will be turned off and de-powered each night.

But, *we* will pay only for the amount of loss that *you* cannot recover under *your* contract with the armored motor vehicle company or from any insurance or indemnity carried by, or for the benefit of customers of any bank or armored motor vehicle company.

The amount *we* pay is limited to that portion of loss exceeding the deductible shown in the Information Pages. *We* will then pay in excess of the deductible up to the amount shown as the limit of liability in the Information Pages.

HOUSING AUTHORITIES RISK RETENTION POOL CONDITIONS

All *coverage* parts included in this *coverage* agreement are subject to the following conditions:
(Those conditions that do not apply to all *coverages* will be noted under separate headings.)

CONDITIONS APPLICABLE TO ALL COVERAGES

cancel for any other reason, in accordance with Section 4.6.1(b).

A. Representations

By accepting this *coverage* agreement, *you* agree:

1. The data that *you* provided and the representations *you* made, which we *used* to complete the Information Pages, are accurate and complete;
2. We have issued this *coverage* agreement in reliance upon *your* representations; and
3. *You* are and will remain in compliance with all the terms of the Amended and Restated Intergovernmental Cooperation Agreement (Rev. 7/92).

B. Cancellation

1. The member authority shown in the Information Pages may cancel this *coverage* agreement and its membership in HARRP by mailing or delivering to *us* advance written notice of cancellation in accordance with Section 4.5 of the Amended & Restated Intergovernmental Cooperation Agreement (Rev. 7/92)
2. We may cancel this *coverage* agreement or any *coverage* part by mailing or delivering to the member authority written notice of cancellation or expulsion in accordance with Section 4.6 of the Amended & Restated Intergovernmental Cooperation Agreement (Rev. 7/92) at least:
 - a. Sixty (60) days before the effective date of cancellation if we cancel for nonpayment of premium or other reasons stated in Section 4.6.2; or
 - b. At the member authority's next renewal date, upon sixty (60) days notice, if we

3. We will mail or deliver *our* notice to the member authority's last mailing address known to *us*.
4. Notice of cancellation will state the effective date of cancellation. If the entire *coverage* agreement is canceled, that effective date will become the end of the *coverage* period and of HARRP membership. If a *coverage* part is canceled, that effective date will become the end of the *coverage* period as respects that *coverage* part only.
5. If this *coverage* agreement or any *coverage* part is canceled, by *you* or HARRP, any premium refund due will be made on a pro rata basis. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing obtained from the U.S. Postal Service will be sufficient proof of notice.

C. Non-Renewal/Expulsion

If we decide not to renew this *coverage* agreement or any *coverage* part, we will provide the member authority Notice in accordance with the expulsion procedures contained in Section 4.6.1 of the Amended and Restated Intergovernmental Cooperation Agreement.

D. Changes

This *coverage* agreement and its *coverage* parts contain all the agreements between *you* and *us* concerning the *coverages* afforded. This *coverage* agreement's terms can be amended or waived only by Endorsement issued by *us* as part of this *coverage* agreement, in accordance with the principles of contract law, or by amendment of this agreement.

E. Examination of Your Books and Records

We may examine and inspect *your* books and records as they relate to this *coverage* agreement and *your* premiums at any time during the *coverage* period and up to three (3) years afterward.

F. Inspections and Surveys

We have the right but are not obligated to:

1. Make inspections and site visits at any time;
2. Give *you* reports on the conditions we find; and
3. Recommend changes and impose additional *coverage* conditions in accordance with Section 5 of the Amended and Restated Intergovernmental Cooperation Agreement (Rev. 7/92).

Any inspections, site visits, reports or recommendations relate only to *our* providing *you* with *coverage* and the premiums to be charged. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. We do not warrant that conditions are safe or healthful, or comply with laws, regulations, codes or standards.

This condition applies not only to *us*, but also to any consultants or similar persons or organizations which makes inspections, site visits, reports or recommendations on *our* behalf.

G. Premiums

The member authority shown in the Information Pages:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

We compute all premiums for this *coverage* agreement in accordance with *our* rules, rates, rating plans, premiums and minimum premiums. The premium shown in the Information Pages was computed based on rates and rules in effect at the time the *coverage* agreement was issued. At the close of each *coverage* period we have the right to

recompute the premiums. This may produce an additional or return premium. The member authority must keep and provide to *us* the records we need for premium computation at each anniversary. On each renewal, continuation or anniversary of the effective date of this *coverage* agreement, we will compute the premium in accordance with *our* rates and rules then in effect.

H. Transfer of Your Rights and Duties Under this Coverage Agreement

Your rights and duties under this *coverage* agreement may not be transferred without *our* consent, which may be granted or withheld in *our* sole discretion.

I. Bankruptcy

Bankruptcy or insolvency of the member authority will not relieve *us* of *our* obligations under this *coverage* agreement.

J. Duties in the Event of Occurrence, Claim, Suit or Loss

1. *You* must see to it that we are notified as soon as the facts are known to *you* (but in no event more than 30 days thereafter) of an *occurrence*, *accident* or an incident which may result in a *claim*, or which has resulted in a loss of *your* property. To the extent possible, notice should be made in writing on the HARRP "Notice of *Claim* or Incident Form" and include:
 - a. How, when and where the *occurrence*, *accident* or incident took place;
 - b. The names and addresses of any injured persons and witnesses; and
 - c. The nature and location of any injury or damage arising out of the *occurrence*, *accident* or incident.
2. If a *claim* is made or *suit* is brought against any *covered party*, *you* must:
 - a. Immediately record the specifics of the *claim* or *suit* and the date received; and
 - b. Notify *us* as soon as the facts are known to *you*.

You must see to it that we receive written notice of the *claim* or *suit* as soon as possible following *your* receipt of such documents, so that *our* right to investigate the *claim* and appoint counsel is not jeopardized.

3. *You* and any other *covered party* must:
 - a. Immediately send *us* copies of any demands, notices, summonses or legal papers received in connection with the *claim* or *suit*;
 - b. Authorize *us* to obtain records, property samples, property inventories and other necessary information;
 - c. Cooperate with *us* in the investigation, settlement or defense of the *claim* or *suit*;
 - d. Assist *us*, upon *our* request, in the enforcement of any right against any person or organization which may be liable to *you* because of injury or damage to which this *coverage* agreement may apply; and
 - e. Submit to examination under oath upon *our* request and give *us* a signed statement of *your* answers and a description of the loss.
4. No *covered party* will, except at its own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without *our* written consent.
5. *You* must notify the police if any laws have been broken.
6. *You* must take reasonable steps to protect *your* property or any evidence and save it for *our* examination.
7. *You* must provide a sworn statement of loss on *your* damaged property *claim* within sixty (60) days of *our* request (one hundred twenty (120) days following notice of a Fidelity and Crime *claim*).

K. Legal Action Against Us

No person or organization has a right under this *coverage* agreement:

1. To join *us* as a party or otherwise bring *us* into a *suit* asking for damages from a *covered party*; or

2. To sue *us* on any *coverage* part unless all terms of this *coverage* agreement and the Amended & Restated Intergovernmental Cooperation Agreement (Rev. 7/92) have been fully complied with.

A person or organization may sue *us* to recover on an agreed settlement or on a final judgment against a *covered party* obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this *coverage* agreement or that are in excess of the applicable limit of liability or that are not permitted under the Amended & Restated Intergovernmental Cooperation Agreement (Rev. 7/92). An agreed settlement means a settlement and release of liability signed by *us*, the *covered party* and the *claimant* or the *claimant's* legal representative.

L. Other Coverage

If collectible *coverage* is available to the *covered party* for a loss we cover, *our* obligations are limited as follows:

1. *Primary Coverage*

This *coverage* agreement is primary except when item 2. below applies. When this *coverage* agreement is primary, *our* obligations are not affected unless there is other self-insurance/insurance which is also primary. Then, we will share loss payments with that self-insurance/insurance by the method described in item 3. below.

2. *Excess Coverage*

This *coverage* is excess and shall not contribute to *claims* or *suits* where the *covered party* is named as an additional insured by contract making such *coverage* primary coverage in accordance with an endorsement to the other party's insurance policy. This provision is applicable to all insurance:

- a. That is Fire, Extended *Coverage*, Builder's Risk, Installation Risk or similar *coverage* for *your* work, or is for *covered locations* rented to *you*;
- b. That is commercial general liability (or equivalent *coverage*) available to *you* as

a Named Insured or Insured (including additional insured);

- c. That is *coverage* for non-owned *automobiles* and owned trailers attached to non-owned *automobiles*.

When this *coverage* agreement is excess, we will have no duty to defend any *claim* or *suit* that a self-insurer/insurer has a duty to defend. If no self-insurer/insurer defends, we will undertake to do so, but we will be entitled to the *covered party's* rights against all such self-insurers/insurers.

When this *coverage* agreement is excess, we will pay only *our* share of the amount of the loss, if any, that exceeds the sum of:

- a. The total amount that all other self-insurance/insurance would pay for the loss in the absence of this *coverage* agreement; and
- b. The total of all deductible and retained amounts under all other self-insurance/insurance in the absence of this *coverage* agreement.

We will share the remaining loss, if any, with any self-insurance/insurance that is not described in this Excess *coverage* provision and was not bought specifically to apply in excess of the limits shown in the Information Pages of this *coverage* agreement. *Our* obligation shall not exceed the limits of liability shown on the Information Pages.

3. Method of Sharing

If all self-insurance/insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer/self-insurer and we contribute equal amounts until each has paid its applicable limit or none of the loss remains, whichever comes first.

If any self-insurance/insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's/self-insurer's share and *our* share is based on the ratio of the applicable limit for each insurer/self-

insurer and *us* to the total applicable limits available from all insurers/self-insurers and *us*.

M. Separation of Covered Parties

Except with respect to the limits of liability and any rights or duties specifically assigned in the *coverage* agreement to the member authority, the liability *coverage* part applies separately to each *covered party* against whom *claim* is made or *suit* is brought.

N. Transfer of Rights of Recovery Against Others to Us

If the *covered party* has rights to recover all or part of any payment we have made under this *coverage* agreement, those rights are transferred to *us*. The *covered party* must do nothing after loss to impair them. At *our* request, the *covered party* will bring *suit* or transfer those rights to *us* and help *us* enforce them.

O. Arbitration

If an irreconcilable difference of opinion should arise concerning the *coverage* or exclusions contained in this *coverage* agreement, the difference shall be resolved by submission of the issue to arbitration.

Any decision to invoke this arbitration provision shall be made in writing to HARRP within sixty (60) days after notification to the member of the decision that is in dispute. Failure to do so shall constitute an acceptance by the member of HARRP's decision, which is binding on the member and is conclusive and not rebuttable.

The arbitrators shall be executive directors of HARRP member authorities that are not directly related to the issues in dispute.

For purposes of this Arbitration provision, matters involving an amount in dispute of \$25,000 or less shall be considered a minor *claim*. Those involving an amount in excess of \$25,000 shall be considered a major *claim*.

A minor *claim* shall be submitted to a single Arbitrator agreed upon by *you* and *us*. In the event we cannot agree upon an Arbitrator, one shall be chosen by lot. In the event of a major *claim* *you*

shall select one Arbitrator, we shall select one Arbitrator and the two Arbitrators shall select a third. In the event the two Arbitrators cannot agree the third shall be chosen by lot.

Arbitration proceedings under this *coverage* agreement may be consolidated with other arbitration proceedings or disputes concerning other member authorities if the disputes arise out of the same factual situation or involve the same *coverage* agreement provisions. Consolidation will be by order of the Arbitrator(s) or by request of the Arbitrator(s) or by request of HARRP if the Arbitrator(s) conclude that the disputes should be consolidated. Arbitrator(s) for such consolidated proceedings shall be chosen by lot from among the Arbitrator(s) chosen for the individual proceedings.

Discovery proceedings of the type provided by the laws of the state in which the arbitration is held may be permitted at the discretion of the Arbitrator (s). Each party shall be given the same rights to discovery. Any disputes relating to such discovery shall be resolved by the Arbitrator(s).

For both minor and major *claims*, the Arbitrator(s) shall receive written statements from *you* and *us* outlining the facts. Procedures for the conduct of the arbitration will be established at the sole discretion of the Arbitrator(s) and shall be in accordance with all applicable laws of the state in which the proceedings are conducted.

Any award, order or judgment of a majority of the Arbitrators (or the single Arbitrator for a minor *claim*) shall be deemed final and will be binding upon both *you* and *us*, and may be entered and enforced in any state or federal *court* of competent jurisdiction. Each party agrees to submit to the jurisdiction of any such *court* for purposes of the enforcement of any such award, order or judgment.

All arbitrations shall occur within the state in which the member authority(ies) involved in the controversy is/are located. If the member authorities are located in two or more states, the arbitration will occur in the vicinity of Portland, Oregon.

Each party will be responsible for the costs of preparing and presenting its case. All costs of the Arbitration including expenses of the Arbitrators shall be paid equally by *you* and *us*. No compensation will be paid to the Arbitrators or their employing authorities.

The Arbitrator(s) shall not render a decision which is in violation of any law or public policy or the Amended and Restated Intergovernmental Cooperation Agreement (Rev. 7/92).

P. Mistake in Description

The *coverage* afforded by this *coverage* agreement shall not be invalidated or otherwise affected by any error or mistake in the descriptions of *covered locations* or other items mentioned in this *coverage* agreement, unless such error or mistake materially prejudices *your* or *our* interests.

Q. Coverage Extensions

Unless stated otherwise in the *coverage* agreement, *our* liability under any *coverage* extension is part of, not in addition to, the limit applying to the *coverage* or *coverage* part.

R. Coverage Period

1. The *Coverage* Period is shown in the Information Pages.
2. We will pay only for loss that *you* sustain through acts committed or events occurring during the *Coverage* Period, except for *claims* that are subject to the "Loss Sustained During Prior Insurance" provision of the Fidelity & Crime *coverages*.

S. Non-Accumulation of Limits of Liability

Regardless of the number of years this *coverage* remains in force or the number of premiums paid, no limit of liability accumulates from year to year or period to period.

T. Other Insurance

This *coverage* does not apply to loss recoverable or recovered under other *coverages*, insurance or indemnity. However, if the limit of the other *coverages*, insurance or indemnity is insufficient to cover the entire loss, this *coverage* (excluding deductibles) will apply to that part of loss not recoverable or recovered under the other *coverages*, insurance or indemnity (limited to the applicable limit of liability of this *coverage*).

U. Ownership of Property; Interests Covered

The property covered under this *coverage* is limited to property that *you* own or hold or for which *you* are legally liable.

However, this *coverage* is for *your* benefit only. It provides no rights or benefits to any other person or organization.

V. Records

You must keep records of all covered property so we can verify the amount of any loss.

W. Recoveries

1. Any recoveries, less the cost of obtaining them, made after settlement of a covered loss will be distributed as follows:
 - a. To *you*, until *you* are reimbursed for any covered loss that *you* sustain that exceeds the limit of liability and the Deductible, if any;
 - b. Then to *us*, until we are reimbursed for the settlement made;
 - c. Then to *you*, until *you* are reimbursed for that part of the loss equal to the Deductible and any uncovered loss, if any.
2. Recoveries do not include any amounts received from insurance, suretyship, reinsurance, security or indemnity taken for *our* benefit, or original securities after duplicates of them have been issued.

X. Transfer of Ownership

Any property that we pay for or replace becomes *our* property. *We* reserve the right to retain any property as salvage that we pay for and is actually replaced.

Y. Limit of Liability

Our total limit of liability is further limited to *our* cash, investments and tangible assets (including reinsurance and excess insurance recoveries) as

stated in Section 4.4 of the Amended and Restated Intergovernmental Cooperation Agreement (Rev. 7/92) issued to all Member Authorities.

1. Mold or other Fungal Contamination

With regard to all claims arising from the alleged existence of *mold or other fungal contamination* that arise on or after October 1, 2002, *our* total limit of liability and *your* total coverage limits for any such claim, regardless of the number of claimants or the number of coverages involved, is equal to \$300,000 and does not include any reinsurance, excess insurance or other insurance of any kind. *Our* aggregate limit of liability in any one year of coverage for any member shall not exceed \$600,000.

2. Participation in Affiliated Entities, Instrumentalities and Partnerships

With regard to all claims actual or alleged, arising out of operations or management of affordable housing or any other entity which does not qualify for HARRP pooled coverages (e.g. instrumentality, affiliate, non-profit, partner of the Housing Authority or similar entity) that arise on or after June 1, 2008, our total limit of liability and your total coverage limits for any such claim, regardless of the number of claimants or the number of coverages involved, is equal to \$150,000 and does not include any reinsurance, excess insurance or other insurance of any kind. Our aggregate limit of liability in any one year of coverage for any member shall not exceed \$300,000. Such coverage shall only apply for the Housing Authority’s own operations for the aforementioned entities. This coverage is subject to all policy conditions and exclusions.

This *coverage* shall be voided and will not be applicable if the affiliated entity, instrumentality, or partnership has its own coverage which includes the housing authority as a named insured, additional insured or coverage as its real estate manager.



ADDITIONAL CONDITIONS APPLICABLE TO PROPERTY COVERAGES

A. Control of Property

Any act or neglect of any person, other than *you*, beyond *your* direction or control will not affect this *coverage* part.

The breach of any condition of this *coverage* part at any one or more *covered locations* will not affect *coverage* at any covered location where, at the time of loss or damage, the breach of condition does not exist.

B. No Benefit to Bailee

No person or organization, other than *you*, having custody of covered property will benefit from this *coverage*.

C. Deductibles

We shall only be obligated to pay up to the limit of liability less the applicable deductible, under the appropriate valuation basis as described in this *coverage* agreement.

D. Newly Acquired Property

Property which is acquired, or improvements, alterations or additions which are made to covered properties after a *covered entity's coverage* period begins will be automatically covered for a period of sixty (60) days.

Such properties and improvements must be reported, in writing, and the proper premium paid during this sixty (60) day period or *coverage* will be discontinued and any *claims* associated with such property will be denied *coverage*.

E. Valuation of Property

You shall provide accurate replacement values for all covered property or agree with *us* on an agreed value for all such property. These values as applied to multi-unit properties, shall be based upon a per unit replacement cost.

In case of loss, the basis of adjustment shall be as of the time and place of loss or damage as follows:

1. On buildings, machinery, equipment, furniture, fixtures, improvements, and betterments: Replacement cost. In the event of loss or damage to improvements and betterments, we agree to accept and consider the *covered entity* as the sole and unconditional owner, except where we have issued a proper mortgagee endorsement.
2. On historic structures, which are any buildings deemed by the *covered entity* to be historic

structures and reported to *us* as such, or which have been or could be so declared by any federal, state or local agency having the authority to make such a declaration; shall be valued on the basis of an "agreed value" between the *covered entity* and *us* and must be included in the schedule of covered properties. This "agreed value" shall be the maximum liability for *us* in the event of a partial or total loss.

3. On household goods and personal effects owned by or in the care, custody and control of the *covered entity*: Replacement cost.
4. On media: The cost of reproducing the media and data storage devices from duplicates or from originals of the previous generation of the data. The measure of recovery shall be replacement cost for replacement or reproduction and *coverage* is limited to \$50,000.
5. On computers and related equipment: Replacement cost. If, due to obsolescence, identical equipment is not available, computers and equipment will be replaced with models of the type and power most closely matching the damaged equipment.
6. On property of others: Replacement cost or the *covered entity's* legal liability, whichever is less.
7. On fences, retaining walls, towers and antennas, signs, trees, shrubs and plants: actual cash value, up to a limit of \$10,000 per loss for damage caused by specified perils (no single tree, shrub or plant in excess of \$250).
8. On Towed and mobile equipment: actual cash value.
9. Other property not otherwise provided for in this *coverage* agreement: Replacement cost.

If buildings or personal property are not actually repaired or replaced within twelve months of the date of loss, and no extension of time has been agreed to in writing by HARRP, then the basis of valuation reverts to *actual cash* value (ascertained with proper deduction for depreciation). Any

previous overpayment by us will be refunded by the *covered* entity.



ADDITIONAL CONDITIONS APPLICABLE TO RENTAL INCOME COVERAGE

A. Period of Recovery

The period of time for which loss may be *claimed* shall not exceed the period of time required, with the exercise of due diligence and dispatch, to rebuild, repair, or replace the part of the property destroyed, or damaged. The period of time, in case of disagreement, shall be determined by arbitration in the manner agreed to by both parties to the *coverage* agreement.

This period of time is limited by the date of expiration stated in the *coverage* agreement unless this Rental Income *coverage* is renewed at that time. The period of time for which loss may be *claimed* shall not include any increase in repair time due to interference at the *covered entity's* premises by strikers or other unauthorized persons, with rebuilding, repairing or replacing the property, or with the resumption or continuation of *business*, or with the reoccupancy of the premises; nor for any loss occurring to property in transit off premises.

This *coverage* agreement does not cover loss of rents with respect to any period during which the *covered entity's* property could not have been rented had no fire or other peril covered herein occurred.

B. Interruption by Civil or Military Authority

The *coverage* agreement is extended to cover the loss sustained during a period of time (not exceeding two weeks) when, as a direct result of a covered peril, access to buildings and personal property is prohibited by order of civil or military authority.

C. Ingress/Egress

The *coverage* agreement is extended to cover the loss sustained during the period of time (not exceeding two weeks), when as a direct result of a covered peril, reasonable ingress to or egress from the *covered entity's* premises is thereby prevented.

D. Non-Owned Adjacent Property

The *coverage* agreement is extended to cover loss (not exceeding two weeks) as defined in this *coverage* part, resulting from physical damage to non-owned adjacent property which renders the *covered entity's* property untenable. All deductibles are waived for this provision.



ADDITIONAL CONDITIONS APPLICABLE TO EMPLOYMENT PRACTICES LIABILITY COVERAGE

- A. As a condition to obtaining and retaining *coverage* for Employment Practices *claims*, each *covered entity* must certify in writing, each year, that it has adopted, trained its employees on, provided copies to its employees and enforces policies and procedures which prohibit acts of unlawful discrimination, harassment or other acts constituting a deprivation of civil rights. Such certifications shall state that the aforementioned policies and procedures have been drafted or approved by legal counsel who is knowledgeable and experienced in the current state of the law on these subjects. These certificates are applicable only to internally generated policies and procedures.

At least every thirty-six (36) months each *covered entity* will certify that its personnel policy(ies) has/have been reviewed by qualified legal counsel and changes necessary to make them comply with current federal, state and local laws have been made.



ADDITIONAL CONDITIONS APPLICABLE TO AUTOMOBILE LIABILITY COVERAGES

A. Newly Acquired Automobiles

Automobiles which are acquired by a *covered entity* that participates in the automobile liability program will be automatically covered for both liability and physical damage *coverages* for a period of thirty (30) days. Such *automobiles* must be reported in writing within thirty (30) days after the *covered entity* takes possession or becomes otherwise legally responsible for the vehicle or *coverage* will be discontinued retroactively and any *claims* associated with such *automobiles* will be denied *coverage*.

**ADDITIONAL CONDITIONS APPLICABLE TO
FIDELITY AND CRIME COVERAGES**

A. Cancellation as to any Employee

This *coverage* part is cancelled as to any employee immediately upon discovery by *you* or any of *your* officers or directors not in collusion with the employee, of any dishonest act committed by that employee whether before or after becoming employed by *you*.

B. Facsimile Signatures

We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.

C. Proof of Loss

You must submit a detailed written proof of loss within one hundred twenty days (120) from *your* discovery of the loss. *You* must include with *your* proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and *cause* of loss. *You* must also report all such losses to the appropriate law enforcement agency and other regulatory agencies (i.e., HUD).

D. Consolidation-Merger

If through consolidation, merger or purchase of assets any additional persons become employees, or *you* acquire *use* and control of additional *covered locations*, the *coverages* applicable to employees will apply to those additional employees and *covered locations*.

This *coverage* extension is valid only if *you* give *us* written notice within thirty (30) days thereafter and pay any additional required premiums.

E. Joint Covered party

1. If more than one *covered party* is named in the Information Pages, the member authority will act for itself and for every other *covered party* for all purposes of the Fidelity and Crime *coverage* part.
2. If any *covered party* has knowledge of any information relevant to this *coverage* part, that knowledge is considered knowledge of every *covered party*.

3. An employee of any *covered party* is considered to be an employee of every *covered party*.
4. We will not pay more for loss to more than one *covered party* than what we would pay if all loss had been sustained by one *covered party*.

F. Loss Discovery Period

Subject to prompt disclosure and written notice to *us*, we will pay only for covered loss discovered and reported to *us* no later than one year from the end of the *coverage* period in which the loss occurred.

G. Loss Covered Under More than One Sub-Part of This Fidelity & Crime Coverage

If two (2) or more sub-parts in this *coverage* part apply to the same loss, we will pay the lesser of:

1. The actual amount of loss; or
2. The sum of the limits of *coverage* applicable to those sub-parts.

H. Loss Sustained During Prior Insurance

1. If *you* sustained loss during the period of any prior insurance that *you* could have recovered, we will pay for it under this *coverage* agreement provided:
 - a. This *coverage* became effective at the time of cancellation or termination of the prior insurance; and
 - b. The loss would have been covered by this *coverage* had it been in effect when the acts or events causing the loss were committed or occurred;
 - c. The loss was not discovered during the time the prior insurance was in effect.
2. The *coverage* under this condition is part of the limits applying to this *coverage* and is limited to the lesser of this *coverage* as of its effective date or the prior insurance limit had it remained in effect.
3. If any loss is covered partly by this *coverage* and partly by any prior cancelled or terminated *coverages* that we had issued to *you* the most we

will pay is the larger of the amount recoverable under this *coverage* or the prior *coverage*.

4. The Loss Discovery Period above, is applicable to this *coverage* extension.

I. Valuation - Settlement

1. Subject to the applicable limit of liability, we will pay for:
 - a. Loss of money up to and including its face value.
 - b. Loss of securities up to and including their value at close of *business* on the day of loss discovery. We may, at *our* option:
 - i. Pay the value of such securities or replace them in kind, in which event *you* must assign to *us* all *your* rights, title and interest in and to those securities;
 - ii. Pay the cost of any Lost Securities Bond required for issuing duplicates. However, we will be liable only up to the lesser of the:
 - (1) Securities' value at close of *business* on the day of discovery; or
 - (2) Limit of liability for this *coverage*.
 - iii. Pay for loss of, or loss from damage to, property other than money and securities or loss from damage to the covered location for not more than the least of the:
 - (1) Actual cash value of the property on the day of loss discovery;
 - (2) Cost of repairing the property or covered location; or
 - (3) Cost of replacing the property with property of like kind and quality.

HOUSING AUTHORITIES RISK RETENTION POOL
EXCLUSIONS
APPLICABLE TO ALL COVERAGE PARTS

These exclusions restrict or eliminate *coverages*, *you* should read and be familiar with them so that *you* can make alternative provisions for *coverage* or take steps to minimize or eliminate losses.

The *coverage* agreement does not cover:

GENERAL EXCLUSIONS:

A. Concealment, Misrepresentation or Fraud

This *coverage* agreement is void in any case of fraud by *you*, or collusion by *you* or any other person, as it relates to this *coverage* agreement at any time. It is also void if *you* or any other person at any time intentionally conceals or misrepresents a material fact concerning:

1. Any *coverage* part;
2. The *covered property*;
3. *Your* interest in the *covered property*; or
4. A *claim* under this *coverage* agreement.

Due to HARRP’s inability to reasonably assess the potential for loss or develop an adequate rate, or to secure reinsurance or excess insurance, claims arising on or after October 1, 2002 from the following causes are excluded:

B. Internet/Cyber Losses

This *coverage* agreement does not provide coverage for and shall not apply to:

1. Any Internet exposures; or
2. Any loss, cost or expense arising out of or related to the Internet; or
3. Any loss, cost or expense arising directly or indirectly, out of loss or alteration of, or damage to or a reduction in the functionality, availability or operation of a computer system, program, software, data, information repository, microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the *covered party* or not.

This exclusion (item 3) does not apply to claims of damage to valuable papers and records or the reproduction or replacement of media or software that are the subject of specific sublimits found in the “Coverage” section of this “HARRP Coverage Agreement.”

“Internet” as used in this exclusion shall mean, the international computer network also known as the worldwide web or worldwide network of computers.

C. Terrorism

This *coverage* agreement excludes all claims, losses or damages resulting from all actual or threatened loss or damage (including all consequential loss or damage of any type) caused by, arising or resulting from, or in connection with, an act or acts of Terrorism, including all costs and expenses of whatever nature, related thereto.

For purposes of this exclusion, “Terrorism” shall mean any act(s), attempt(s) or threat(s) thereof, which endangers human life or health, tangible or intangible property or infrastructure, and intimidates, disrupts or coerces a government or a unit of government, business or commercial enterprise, the public, or any segment thereof, in furtherance of political, religious, ideological or social objectives.

This exclusion shall apply regardless of any otherwise covered cause, event or peril contributing concurrently or in any other sequence to the loss.



SECTION I - PROPERTY COVERAGE:

- A.** Any fraudulent or dishonest act(s) committed by the *covered entity’s* officials, *employees* or volunteers alone or with others. As used in this paragraph, “fraudulent or dishonest acts” means acts committed with intent to:

1. Cause the *covered entity* to sustain a loss; and
 2. Obtain financial benefit for the *covered entity*, its officials, *employees*, volunteers or for any other person or organization intended by the *covered entity's* officials, *employees* or volunteers to receive such benefit (excluding salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions, or other *employee* benefits earned in the normal course of employment).
- B.** The cost of improving, correcting or making repairs to *covered property* when damages result from defective design, defective specifications, faulty material, workmanship or maintenance.
- C.** Loss or damage caused by or resulting from hidden defects, ordinary wear and tear, gradual deterioration, inherent defects or loss or damage caused by vermin or insects unless loss or damage by a *specified peril* follows; and then the *coverage* agreement shall cover only those ensuing losses or damages.
- D.** Loss or damage caused by or resulting from settling, subsidence, cracking, shrinking, bulging or expansion of pavements, roadways, sidewalks, patios, foundations, walls, roofs, floors and ceilings. This exclusion shall not apply to loss or damage resulting from collapse of a building, structure or material part thereof (excluding any costs, loss or damage for improving on or correcting defects in materials, workmanship or faulty design) if such collapse is caused by the weight of accumulated snow or ice. The word "collapse" as used herein means the caving in or falling inward or outward of the building or structure or material part thereof.
- E.** Loss or damage to foundations, footings, underground pipes, flues, drains, utilities (of any kind), or underground storage tanks.
- F.** Loss of use, damage or deterioration due to delay; plus loss caused by any legal proceedings.
- G.** Loss or damage to electrical appliances (except computers related equipment and *media* devices), fixtures or wiring, caused by artificially generated current, unless fire or other *specified peril* ensues and then only for the actual loss or damage caused by fire or other ensuing specified peril or losses covered by supplemental equipment breakdown policies purchased from a commercial insurance carrier.
- H.** Loss resulting from the inability to replace or reconstruct *valuable papers* and records or electronic *data processing media* with like kind and quality; loss to electronic *data processing media* due to electrical or magnetic injury the cause of which originated 100 feet or more from the covered location, except if caused by lightning; loss directly resulting from errors or omissions in processing or copying *media* unless fire or explosion follows and then only for direct loss caused by such ensuing fire or explosion; loss caused by a computer "virus" in any of its forms.
- I.** Mechanical breakdown unless loss or damage from a *specified peril* covered herein ensues or losses covered by supplemental equipment breakdown policies purchased from a commercial insurance carrier, then the *coverage* agreement shall cover only the ensuing loss or damage.
- J.** Explosion, rupture or bursting of high pressure steam boilers, steam pipes, steam turbines or steam engines owned or operated by the *covered entity* unless loss or damage from a *specified peril* covered herein follows and then the *coverage* shall apply only to those ensuing losses or damages.
- K.** Loss or damage caused by smog, dampness or dryness of atmosphere; extremes or changes in temperature (whether atmospheric or other) except damage to fire protective equipment caused by freezing; loss or damage from smoke or smudge from industrial or agricultural operations, shrinkage, evaporation, loss of weight, rust, corrosion, erosion, depletion, contamination, mold, mildew, wet or dry rot, hot or cold; change in color, texture or finish.
- L.** With respect to computers and related equipment and *media*, loss or damage caused by error in machine programming or machine installation or operating instructions.
- M.** Earth movement or volcanic eruption. Earth movement includes, but is not limited to, earthquake, landslide, or earth rising, sinking or shifting. Volcanic eruption means eruption or explosion or effusion but does not include airborne shockwaves or blasts, ash dust or particles or lava flow. Volcanic eruptions within a 168-hour period will constitute one event (This exclusion does not apply to sprinkler leakage as a result of an earthquake.). (This volcanic eruption exclusion does not apply to the State of Washington).

- N. Flood, including the action of surface water, waves, tides, tidal waves, overflow of a body of water, or mudslide or mudflow.
- O. Loss or damage to land, including water or any other substance in land, water on land, dams, passageways, or bridges used by public vehicular traffic, docks, and piers except as specifically scheduled and included in this *coverage*.
- P. Any 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:
 1. Earthquake or earth movement whether natural or human caused;
 2. Nuclear hazard;
 3. War and military action;
 4. Flood whether natural or human caused. This Exclusion P.4 shall not apply to sudden and accidental water damage caused by or from a plumbing, heating or air conditioning appliance or system.
- Q. Loss of *money* and *securities*, except as provided in Fidelity and Crime *coverage*.
- R. Loss applicable to accounts, accounts receivable or other evidence of debt.
- S. Loss or damages to *Automobiles*, except as provided in Automobile Physical Damage *coverage*.
- T. *Claims* related to damages resulting from the explosion of any nuclear weapon or nuclear reaction, radiation or radioactive contamination, however caused.
- U. Loss or damage to property resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.
- V. Loss or damage caused by or resulting from continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.

- X. Loss or water damage caused by or resulting from freezing, unless:
 - (a) You do your best to maintain heat in the building;
 - (b) You drain the system and turn off the water supply if the heat is not maintained

PROPERTY/CRIME:

- A. Unexplained or mysterious disappearance or loss or shortage found upon taking inventory.



SECTION II - LIABILITY COVERAGES:

- A. *Bodily injury* or *property damage* expected or intended from the standpoint of any *covered party*. This exclusion does not apply to:
 1. *Bodily injury* resulting from the use of reasonable force to protect persons or property, to the extent such reasonable force was not exercised in an act of law enforcement (whether committed by a law enforcement officer or other person).
- B. Liability arising out of the ownership, maintenance or operation of any automobile. This exclusion does not apply if *coverage D - Bodily Injury and Property Damage – Automobiles* is purchased.
- C. Any obligation of the *covered party* or its worker's compensation carrier under a workers' compensation, disability benefits or unemployment compensation law or any similar law.
- D. *Bodily injury* to:
 1. An *employee* of the *covered party* arising out of and in the course of employment by the *covered party* unless *coverage* is specifically extended in the Information Pages; or,
 2. The spouse, child, parent, brother or sister of that *employee* as a consequence of (1) above.

This exclusion applies whether the *covered party* may be liable as an employer or in any other capacity.

E. Liability arising out of the actual, alleged or threatened discharge, dispersal, release or escape of *pollutants*:

1. At or from premises *you* own, rent or occupy, including any underground storage tanks whether or not they are currently in use;
2. At or from any site used by or for *you* or others for the handling, storage, disposal, processing or treatment of waste;
3. Which are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for *you* or any person or organization for whom *you* may be legally responsible;
4. At or from any site on which *you* or any contractor(s) or subcontractor(s) working directly or indirectly on *your* behalf are performing operations:
 - a. If the *pollutants* are brought onto the site in connection with such operations, or
 - b. If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize *pollutants*.
5. Which are on or in a covered automobile as cargo or are stored in a covered automobile. (Exclusion E.5. does not apply to lubricants, fuels or similar *pollutants* contained as part of a covered automobile's mechanical or electrical operating systems.)

This exclusion does not apply to loss or injury caused by heat, smoke or fumes from a *hostile fire* which is defined as a fire which becomes uncontrollable or breaks out from where it was intended to be.

F. Any loss, cost or expense arising out of any governmental direction or request that *you* test for, monitor, clean up, remove, contain, treat, detoxify or neutralize *pollutants*.

G. Injury to or destruction of property:

1. *You* own, or
2. *You* rent or lease where *you* have assumed liability for damage to or destruction of such

property unless *you* would have been liable in the absence of such assumption of liability, or

3. In *your* care, custody or control.

H. Liability arising from inverse condemnation, adverse possession, dedication by adverse use or eminent domain, or any *claim* that a *covered party* has taken or diminished the value of land through land use restrictions on such land or use of adjacent land or air space by a *covered party*.

I. Liability arising out of:

1. Oral or written publication of material, if done by or at the direction of the *covered party* with knowledge of its falsity, or with reckless disregard for its truth or falsity.
2. The willful violation of a penal statute or ordinance committed by or with the consent of the *covered party*.
3. Any acts constituting discrimination, harassment or violation of the civil rights of any person where the *covered party* intentionally created, knowingly permitted, or willfully or recklessly disregarded the violation of any law, regulation or policy prohibiting such acts.
4. The fraudulent or dishonest acts or omissions of the *covered party*.
5. The violation of the Racketeer Influenced and Corrupt Organization Act, 18 USC Sections 1961 et seq., and any amendments thereto, or any rules or regulations promulgated thereunder.
6. Allegations that a *covered party* has gained any profit or advantage to which the *covered party* was not legally entitled.

However, any fact pertaining to any one *covered party* shall not be imputed to any other *covered party* for the purpose of determining the application of this exclusion.

J. Liability arising out of the *covered party*'s failure to perform, or breach of, a contractual obligation. Liability of others assumed under any contract unless the *covered party* would have had such liability in the absence of the contract or the other party has been named as an additional *covered party*

in an Endorsement issued by us. This exclusion does not apply to allegations of the *covered entity's* breach of implied contract or implied contractual covenants that are asserted in employment related practices *claims*; but it is applicable where there is an admission by the *covered party* or a judicial finding that a breach occurred.

- K.** Liability due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.
- L.** Liability arising out of the hazardous properties of nuclear material, which means secure material, special nuclear material or by-product material all as defined in the Atomic Energy Act of 1954 and its amendments.
- M.** Any proceeding before the National Labor Relations Board, the United States Equal Employment Opportunity Commission or any federal (including HUD), state or local agency responsible for the administration of federal, state or local fair *employment practices* or anti-discrimination laws or regulations, except that we may, at our sole discretion, participate in such proceedings to the extent that we deem necessary. Our participation in such proceedings shall not be construed as an extension of *coverage* to such proceedings, nor as an assumption of any liability for losses, fines, penalties or any other costs incurred or assessed to the *covered party* under such proceeding.
- N.** Liability for back wages, fringe benefits, educational expenses, overtime or similar damages, even if designated as liquidated damages, under any federal, state or local statutes, rules, ordinances or regulations. This exclusion does not apply to any damages arising out of any employment related practices *claims* unless such *claims* are for the failure to provide or to properly calculate *employee* compensation or benefits including but not limited to retirement, medical, dental, vision, mileage/auto allowance, etc.
- O.** *Claims* alleging a violation of the *Employee Retirement Income Security Act of 1974 (ERISA)*, and amendments thereto, or similar provisions of any federal, state or local statutory law or common law.
- P.** Liability arising out of (1) any tax assessments or adjustments; (2) the collection, refund, disbursement or application of any taxes.

- Q.** A class action or a similar representative lawsuit.
- R.** *Claims* arising out of *your* de facto or *your* official employment related practices unless such employment related practices have been reviewed and approved by attorneys who are knowledgeable and experienced in these areas, within thirty-six (36) months prior to the incident from which the *claim* arises.
- S.** Liability arising out of failure to comply with, attempting to comply with, or compliance with the provisions of the National Flood Insurance Act of 1968 as amended or any similar federal, state or local laws.
- T.** Liability arising out of or in connection with debt financing and equity financing, including but not limited to bonds, notes, debentures, tax credit partnerships, including recapture of tax credits and guarantee of debt.
- U.** *Claims* seeking relief or redress in any form other than monetary damages.
- V.** Liability for fines, penalties, punitive damages, multiple damages, exemplary or similar damages.
- W.** Liability arising out of or *claims* connected to asbestos, asbestos products or lead poisoning or damage.
- X.** *Claims* arising out of any act or omission of a public safety department, law enforcement agency (including agents and *employees* thereof) or armed security personnel.
- Y.** *Claims* arising out of:
 1. The actual or threatened abuse or molestation by the *covered party* of any person while in the care, custody or control of the *covered party*.
 2. Knowingly employing or retaining a person whose conduct is described in "1" above.
 3. Failure to investigate or report to the proper authorities conduct which the *covered party* knew was conduct described in "1" above.

(This exclusion Y does not apply to *respondeat superior* liability of the *covered entity*.)

Z. *Claims* arising out of the preparation of faulty plans, bid specifications, specifications, drawings, maps, change orders, orders, opinions or designs.

AA. Liability arising out of or in connection with the *covered entity's* bankruptcy, insolvency, receivership, liquidation or inability of any *covered party* to pay its debts or liabilities or to perform its obligations.

BB. This *coverage* does not apply to *bodily injury* or *property damage* arising directly or indirectly out of:

A. Any of the following failure, malfunction or inadequacy of:

1. Any of the following, whether belonging to any *covered party* or to others:

- a. Computer hardware, including microprocessors;
- b. Computer application software;
- c. Computer operating systems and related software;
- d. Computer networks;
- e. Microprocessors (computer chips) not part of any computer system; or
- f. Any other computerized or electronic equipment or components; or

2. Any other products, and services, *data* or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A. (1) of this Exclusion due to the inability to correctly recognize, process, distinguish, interpret or accept the Year 2000 and beyond

B. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement, or supervision provided or done by *you* or for *you* to determine, rectify or test for

any potential or actual problems described in Paragraph A. of this Exclusion.

CC. Any liability of any *covered party* acting in the capacity of general partner, or any other capacity, of a tax credit partnership (or similar entity); or as a member of the management or governing body of any partnership, non-profit or similar entity for the alleged failure of such *covered party* to secure and/or maintain adequate insurance for the properties and operations of such entities.



**SECTION III -
AUTOMOBILE PHYSICAL DAMAGE
COVERAGES:**

A. We will not pay for loss to:

- 1. Tape decks or other sound reproducing equipment unless permanently installed in a covered automobile.
 - a. Tapes, records or other sound reproducing devices designed for use with sound reproducing equipment.
 - b. Sound receiving equipment designed for use as a citizens' band radio, two-way mobile radio or telephone or scanning monitor receiver, including its antennas and other accessories, unless permanently installed in the dash or console opening normally used by the automobile manufacturer for the installation of a radio.

B. We will not pay for loss caused by or resulting from any of the following unless caused by other covered loss:

- 1. Wear and tear, freezing, mechanical or electrical breakdown.
- 2. Blowouts, punctures or other road damage to tires.



SECTION IV -
FIDELITY AND CRIME COVERAGES:

We will not pay for loss as specified below:

- A.** Loss caused by any *employee* for whom similar prior insurance has been cancelled and not reinstated.
- B.** Loss, or that part of any loss, for which proof is dependent upon an inventory computation, an audit or accounting review.
- C.** Loss resulting from accounting or arithmetical errors or omissions.
- D.** Loss resulting from the giving or surrendering of property in any exchange or purchase.
- E.** Loss of *money* in any *money* operated device unless the amount deposited is recorded by a continuous recording instrument in the device.
- F.** Loss after property has been transferred or surrendered to a person or place outside the *covered location* or banking premises:
 - 1. On the basis of unauthorized instructions; or
 - 2. As a result of a threat of bodily harm to any person or damage to any property. (This exclusion does not apply to loss outside the *covered location* or banking premises in the care and custody of an *employee* if *you* had no knowledge of the threat when the conveyance began, or the loss was not related to the threat.)
- G.** Loss resulting from *your* being induced by any dishonest act to voluntarily part with title to or possession of any property.
- H.** Loss from seizure or destruction by order of governmental authority.
- I.** Loss from *your* inability to realize income.
- J.** Loss from costs, fees or other expenses *you* incur to establish the existence or amount of a loss.
- K.** Loss from expenses related to any legal action.
- L.** Loss from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

- M.** Loss from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.