

STATE OF WISCONSIN

LOCAL GOVERNMENT PROPERTY INSURANCE FUND

**125 South Webster Street
Madison, Wisconsin 53703**

Valuation Policy Provisions

Read the entire policy carefully to determine rights, duties, and what is and what is not "covered". Several provisions in this policy restrict coverage.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown on the Declarations page. The words "we", "us" and "Fund" means the Local Government Property Insurance Fund. Other words and phrases that appear in quotation marks have special meaning. Refer to Section IX, Definitions.

In consideration of the provisions of this policy, the payment of premium, receipt of a statement of values, property in the open schedule and/or contractors equipment detail, and in accordance with the provisions of Ch. 605, Wisconsin Statutes, the "Fund" insures those named on the Declaration page for the coverages indicated by amount of coverage and premium.

SECTION I - PERILS "COVERED"

Coverage: This policy insures against all sudden and accidental direct physical loss or damage except as limited or excluded in the following sections.

during the annual policy period shall be subject to a \$1,000 deductible.

4. Only "covered" losses that exceed \$1,000 per "occurrence" shall apply toward the annual policy period aggregate deductible limit.

SECTION II-DEDUCTIBLE

A. The amount shown as deductible on the Declarations page shall be deducted from the claim for each "occurrence". If different deductibles are involved with one "occurrence", the deductible applicable to each type of property will apply to that property, but the total deductible will be no more than the single highest deductible involved.

SECTION III-AMOUNT OF COVERAGE

With regard to buildings, personal property regardless of its location, and property in the open:

The amount of coverage shall be limited only as stated in Sections IV and VII.

Unless otherwise limited by other provisions of this policy or by endorsement, the "Fund" agrees to pay the "replacement cost" even when the value shown on the Statement of Values is less than "replacement cost".

B. Annual Aggregate Deductible.

If the deductible shown on the Declarations page is shown as an aggregate deductible the following applies:

The "Fund" shall not invoke a coinsurance penalty in the event of loss.

1. When "your" deductible is \$5,000, \$10,000 or \$15,000, the most "you" will be required to pay (except for the \$1,000 explained below) in any one annual policy period is three (3) times the stated deductible.

The premium charged is based upon 100% of the total value shown for the items on the Statement of Values. The 100% figure has no effect on the coverage provided by the policy.

2. When "your" deductible is \$25,000 and greater, the most "you" will be required to pay (except for the \$1,000 explained below) in any one annual policy period is two (2) times the stated deductible.

SECTION IV "COVERED" PROPERTY; LIMIT OF COVERAGE

Subject to the terms, conditions, limitations and exclusions in the policy, claim payment will not be limited by the dollar value shown on the Statement of Values for real property, personal property, or property in the open except for limited coverage for unscheduled locations (IV, R.).

3. Once the limits of paragraphs B.1. or B.2. have been reached, any subsequent "occurrence"

This policy covers:

- A. Buildings and structures listed on the Statement of Values.
- B. Non-Owned Property. Buildings and structures listed on the Statement of Values for which "you" may be contractually liable in the event of damage or destruction and which are in "your" care, custody or control and being used for a legitimate governmental purpose.
- C. Personal property "you" own or are legally responsible for insuring.
- D. Property in the open. The amount the "Fund" will pay for property in the open is limited to \$10,000 per "occurrence" This \$10,000 limitation per "occurrence" applies even to items listed separately on the Statement of Values or the Property In The Open Detail List.
- E. Leased property improvements and betterments at locations listed on the Statement of Values. In the event improvements or betterments made by "you" are damaged or destroyed during the term of this policy by an insured peril, the liability of the "Fund" will be determined as follows:
 - 1. If "you" elect to repair or replace a damaged improvement or betterment actual repair or replacement must be made as soon as reasonably possible after the loss or damage occurs, but not to exceed two (2) years unless the time is extended in writing by the "Fund".
 - 2. However, if the improvements or betterments are not repaired or replaced, the "Fund" will pay a fraction of the original cost of the improvement. The fraction will be determined based on the date of loss compared to the duration of the remaining lease.
- F. The cost of removing debris when "covered" property is destroyed or damaged by an insured peril. However, debris removal does not apply to costs to:
 - 1. Extract "pollutants" or "contaminants" from land or water; or
 - 2. Remove, restore or replace land or water containing or affected by "pollutants" or "contaminants".
- G. Lawns, trees, shrubs, and plants if within 100 feet of an insured building. Coverage applies only for the perils of fire, lightning, explosion, riot, civil

commotion, or aircraft. The amount the "Fund" will pay is limited to \$500 for any one tree, shrub, or plant and \$1,000 for lawn damage including debris removal, up to a maximum of \$5,000 per "occurrence" including debris removal.

- H. Contractors Equipment "you" own or are legally responsible for insuring up to a limit of \$10,000 for each item including its attachment(s). Contractors Equipment is defined by the list on the last page of this policy. If the Contractors Equipment is NOT listed on the last page of this policy, it is considered personal property and is "covered" regardless of its location just as "your" other personal property. See Section IV.C. Any Contractor's Equipment that is 10 years old or older on the date of loss is valued at actual cash value, and is ineligible for replacement cost coverage.

Additional Coverage. Additional coverage, in excess of the \$10,000 per item, is provided only if the equipment is scheduled and endorsed to this policy and a premium for the coverage is shown on the Declarations page.

- I. "Valuable Records" that are "your" property or property of others in "your" care, custody, or control. Once the deductible has been met, there is no dollar limit on this coverage. "Your" records and property of others in "your" care, custody, or control are "covered" both on and off "your" premises, subject to the following:
 - 1. The "Fund" will also pay for:
 - a. Expenses necessary to research and recreate lost "valuable records"; and
 - b. Expenses necessary for transcribing or copying lost "valuable records" from available secondary sources.
 - 2. The "Fund" will not pay for losses caused by errors, omissions, or negligence in processing or copying.
- J. Employees' Personal Property. The "Fund" will cover personal property owned by "your" employees while on "your" premises if it is not covered by other insurance. The maximum coverage for property owned by any one employee is \$500. The coverage limit for each "occurrence" is \$10,000. The \$500 limit for any one employee and the each "occurrence" limit of \$10,000 does not apply when "you" are legally responsible for insuring such property.

- K. Personal property owned by someone other than “you” or “your” employees, if it is not covered by other insurance, while it is in “your” care, custody, or control and while it is on the premises described in the Statement of Values. The coverage limit per “occurrence” for all such property is \$10,000.

The \$10,000 per occurrence limit does not apply when “you” are legally responsible for insuring such property.

- L. “Extra Expense”. Provided a loss or damage to “covered” property is caused by an insured peril the “Fund” will pay up to a maximum of \$5,000,000 (unless a higher limit is shown on the Declarations page) under this “extra expense” coverage subject to the following:

1. The “Fund” will pay any “Extra Expense” to avoid or minimize the suspension of business and to continue “operations”:
 - a. At the described premises; and
 - b. At replacement premises or at temporary locations, including:
 - 1) Relocation expenses; and
 - 2) Costs to equip and operate the replacement or temporary locations.
2. The “Fund” will pay any “Extra Expense” to minimize the suspension of business if “you” cannot continue “operations”.
3. Any salvage value of property obtained due to payment of “extra expense” for temporary use during the period of restoration which remains after the resumption of normal “operations” shall be taken into consideration in the adjustment of any loss

- M. Buildings or structures acquired or being constructed by “you” during the policy period at any location, provided “your” interest is not covered under any other policy of insurance, subject to the following conditions:

1. Acquisitions or construction projects with a completed value of \$500,000 or less, provided “you” report the acquisitions or construction projects at the time of the renewal of this policy;

2. Acquisitions or construction projects with a completed value in excess of \$500,000, provided you report the acquisitions or construction projects within ninety (90) days from the date of acquisition or start of construction, or there is no coverage for these projects;

3. The \$500,000 threshold in 1. and 2. above applies separately to each newly acquired or constructed building or structure. An additional premium will be calculated with respect to the value of each acquisition or construction project from the date of the acquisition or start of construction;

4. Recovery for loss or damage to buildings or structures “covered” under this paragraph IV. M. shall be according to Section VII of this policy, unless the basis of recovery is shown as “actual cash value” or other designation on the Declarations page;

5. Refer to Section VIII.Q. for disposal of buildings and premium adjustment.

- N. Remodeling and repairs to existing buildings listed on the Statement of Values unless the work involves adding square footage and/or outside walls. In this case, Subsection IV.M. above applies.

- O. Personal Property and Property in the Open acquired during the policy period is automatically “covered” with no premium charge. Refer to Section VIII.Q. concerning disposal of Personal Property or Property in the Open.

- P. Refrigerated Property. The “Fund” will pay for loss or damage “you” sustain from spoilage of refrigerated or perishable property “you” own or are legally responsible to insure, if the spoilage is due to:

1. Contamination by a refrigerant; or

2. Temperature change due to:

- a. Mechanical breakdown or failure of refrigerating systems;

- b. Burning out of electric motors;

- c. Blowing of fuses or circuit breakers;

- d. The breakdown or malfunction of the equipment or apparatus connecting or controlling refrigerating systems, electrical motors, or electrical power; or

- e. Complete or partial lack of power to operate the refrigerating systems.

Q. Ordinance or Law Coverage.

Provided a loss or damage to "covered" property is caused by an insured peril the "Fund" will pay up to a maximum of \$2,000,000 (unless a higher limit is shown on the Declarations page) for the increased cost to repair, rebuild or construct "covered" property caused by enforcement of or compliance with building, zoning or land use, ordinance or law subject to the following:

1. The "Fund" will also pay for loss or damage to the undamaged portion of a "covered" building or structure caused by enforcement of or compliance with any ordinance or law that:
 - a. Requires the demolition of parts of the same building or structure not damaged by an insured peril;
 - b. Regulates the construction or repair of buildings or structure, or establishes zoning or land use requirements at the described premises; and
 - c. Is in force at the time of loss or damage.
2. The "Fund" will not pay under this coverage:
 - a. Until the property is actually repaired or replaced; and
 - b. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two (2) years unless the time is extended in writing by the "Fund".
3. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.
4. The most the "Fund" will pay under this coverage is the increased cost of construction at the same premises, unless an ordinance or law requires relocation to another premises, in which case the most the "Fund" will pay is the increased cost of construction at the new premises.
5. If the property is repaired or replaced on the same or another premise, the "Fund" will not pay more for loss or damage to "covered" property, including loss caused by

enforcement of or compliance with an ordinance or law, than the amount "you" actually spend to repair, rebuild or reconstruct the building or structure to the minimum standards required by the ordinance or law. In no event will the "Fund" pay more than the following:

- a. For a "historical building", the amount it would cost to repair, rebuild or reconstruct the building or structure on the same premises and to the same height, area and style with a less costly building or structure that is:
 - 1) Functionally equivalent to the damaged building or structure; or
 - 2) The cost to repair or replace the damaged portion of the "covered" property with less costly material, if available, in the architectural style that existed before the loss or damage occurred.
 - b. For all other "covered" buildings or structures, the amount it would cost to repair, rebuild or reconstruct the building or structure on the same premises and to the same height, area, style and comparable quality of the "covered" property at the time of the loss or damage.
6. If the property is not repaired or replaced, the "Fund" will not pay more for loss or damage to "covered" property, including loss caused by enforcement of or compliance with an ordinance or law, than the "actual cash value" of the "covered" property at the time of the loss or damage.
 7. The "Fund" will not pay for the enforcement of or compliance with any ordinance or law which requires:
 - a. Demolition, repair, replacement, reconstruction, remodeling or remediation of property due to "contaminants" or "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot, viruses, bacteria, or other micro-organisms ; ; or,
 - b. Any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of or the existence of "pollutants", "contaminants", wet or dry rot, "fungus", viruses, bacteria, or other micro-organisms.

R. Limited Coverage for Unscheduled Locations.

The "Fund" will pay for loss to property at unscheduled locations when the reasons for not scheduling the property were:

1. Forgetting to list a location when transferring information from one list to another; or
2. Failure to report contractual obligations to the "Fund"; or
3. Other inadvertent errors.

PROPERTY INTENTIONALLY REMOVED OR LEFT OFF THE SCHEDULE FOR THE PURPOSE OF NOT PAYING A PREMIUM ON SAME OR INTENTIONALLY NOT LISTED FOR ANY OTHER REASON IS NOT "COVERED".

Limit of Payment for Unscheduled Locations:

This limitation applies to Unscheduled Locations.

The most the "Fund" will pay for any one "occurrence" varies depending on the total amount of coverage shown on the Declarations page for Form 41-080 (Building, Personal Property, Inland Marine Floater and Property in the Open).

The maximum the "Fund" will pay per "occurrence" is \$100,000 when the total amount of coverage shown on the Declarations page is \$10,000,000 or less.

The maximum the "Fund" will pay per "occurrence" is \$2,000,000 when the total amount of coverage shown on the Declarations page is \$200,000,000 or more.

The maximum the "Fund" will pay per "occurrence" when the total amount of coverage is between \$10,000,000 and \$200,000,000 is one percent (1%) of the amount of coverage shown on the Declarations page.

- S. 1. Electronic data processing equipment, "electronic data" and "computer programs" consisting of the following:
- a. Electronic data processing equipment owned by or leased to you, including its component parts and similar property of others for which you are legally liable;
 - b. Your "electronic data", "computer programs"

and similar property of others for which you are legally liable.

- c. Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or other documents that were converted to "electronic data".

2. The "Fund" will also pay for:

- a. Expenses necessary to research and recreate lost "electronic data";
- b. Expense for copying lost "electronic data" from available secondary sources.

3. The "Fund" will not cover:

- a. "Electronic data" or "computer programs" which cannot be replaced with others of the same kind or quality;
- b. Losses caused by errors, omissions, or negligence in processing or copying; or,
- c. Accounts that are your records of accounts receivables.

T. Fire Department Charges.

The "Fund" will reimburse "you" up to \$5,000 at each premises for charges of each fire department involved in containing a fire or other "covered" loss to which this insurance applies. No deductible applies to this reimbursement.

SECTION V-PROPERTY NOT "COVERED"

The following are not "covered" property unless specifically added or endorsed to this policy:

- A. Land (including land on which the property is located), water, growing crops, and standing or cut timber, wherever located.
- B. Cost of excavation, grading or filling.
- C. Underground cables and underground storm, water and sewer systems, located more than 1,000 feet, on the horizontal, from a "covered" building or structure.
- D. Those portions of sidewalks, bridges (including roadway bridges and railroad bridges), roadways, culverts, and paved surfaces located more than 100 feet from a "covered" building or structure.

- E. Dams, pavements, swimming pools and related equipment, retaining walls, bulkheads, piers, bridges, wharves and docks for damage caused by any of the following: freezing; thawing; impact of watercraft; the pressure or weight of ice or water, whether driven by wind or not; and, erosion or deterioration, whether gradual or sudden.
- F. Railroads, meaning trackage, beds, ties and railroad bridges; however, amusement park rail systems are "covered", and railroads, meaning trackage, beds, ties and railroad bridges, are "covered" if within 100 feet of a "covered" building or structure.
- G. Aircraft and vehicles licensed for road use.
- H. Animals and livestock.
- I. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - 1. The lowest basement floor, or
 - 2. The surface of the ground if there is no basement.
- J. "Money" and "securities", including postage stamps and food stamps, deeds, evidence of debt, or accounts receivable.
- K. Buildings and structures, including property contained within a building or structure, "vacant" for more than sixty (60) consecutive days before the loss or damage occurs. However, this paragraph only applies to the perils of: vandalism; sprinkler leakage or "water damage", unless you have protected the sprinkler or plumbing system against freezing; building glass breakage; theft; or attempted theft. For all other perils "covered", the "Fund" will reduce by 15% the amount we would otherwise pay for the loss or damage

"Vacant" Definition:

- 1. When this policy is issued to a tenant, and with respect to that tenant's interest in "covered" property building means the unit or suite rented or leased to the tenant. Such building is "vacant" when it does not contain enough business personal property to conduct customary "operations".
- 2. When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is "vacant"

unless at least 31% of its total square footage is:

- a. Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary "operations"; or
- b. Used by the building owner to conduct customary "operations".

Buildings or structures under construction or renovation are not considered "vacant".

A suspension of "operations" or period of inactivity during part of each year which is usual and incidental to the described occupancy of the building or structure shall not be deemed "vacant."

"Water damage" Definition:

"Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

Change of occupancy shall be recognized by the "Fund" only if formal action changing the occupancy of the building was taken by "your" governing board prior to the loss.

- L. "Fine Arts". This property not covered provision does not apply to the extent that coverage is provided in Section X.B. Additional Coverage – "Fine Arts".

SECTION VI-LOSSES EXCLUDED

- A. The "Fund" will not pay for loss or damage caused directly or indirectly by, based upon, or arising out of any of the following:
 - 1. Wear and tear: extremes of temperatures unless "you" exercised due diligence with respect to maintaining the proper temperature for the property involved; dampness or dryness of atmosphere; deterioration; rust or corrosion; disease; inherent vice; inherent or latent defect; contamination; smog; smoke, vapor or gases from agricultural or industrial operations; error, omission, or deficiency in design, specifications, workmanship or materials; settling, cracking, shrinkage, bulging or expansion of pavements,

sidewalks, foundations, walls, floors, roofs, or ceilings; insects, or birds,; unless loss by a peril not excluded in this policy results, and then the "Fund" will be liable for only such resulting loss.

2. Earth movement including, but not limited to, earthquake including tremors and aftershocks, landslide, mudslide, earth sinking, earth rising or shifting; unless loss by fire or explosion not excluded in this policy results, and then the "Fund" will be liable for only such resulting loss.
3. Unexplained or mysterious disappearance of any property or shortage disclosed upon taking inventory.
4. Dishonest or criminal act committed by "you" or any "employee(s)" acting alone or in collusion with others whether or not occurring during the hours of employment. However, if a criminal act results in a "specified causes of loss", the "Fund" will pay for the loss or damage caused by that "specified causes of loss".
5. Discharge, dispersal, seepage, migration, release or escape of "pollutants" or "contaminants", subject to the following:
 - a. This exclusion does not apply:
 1. If the discharge, dispersal, seepage, migration, release or escape of "pollutants" or "contaminants" is itself caused by any of the "specified causes of loss"; or
 2. To damage to glass caused by chemicals applied to the glass;
 - b. If the discharge, dispersal, seepage, migration, release or escape of "pollutants" or "contaminants" results in a "specified causes of loss" the loss or damage caused by that "specified causes of loss" is a "covered" loss.
6. Loss by any "occurrence" or condition within or explosion of steam boilers, steam pipes, steam engines, or steam turbines owned or leased by "you", or operated under "your" control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay

for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

7. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment except when due to a fire or explosion. However, if a loss by a peril not otherwise excluded in this policy results, the "Fund" will be liable for only such resulting loss.
8. Electrical or mechanical breakdown including rupture or bursting caused by centrifugal force. However, if a loss by a peril not otherwise excluded in this policy results, the "Fund" will then be liable for only such resulting loss.

EXCEPTION: If mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

- B. The "Fund" will not pay for loss or damage caused directly or indirectly by, based upon, or arising out of any of the following. Such loss or damage is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss or damage.

1. Nuclear reaction, nuclear radiation, or radioactive contamination. But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.
2. The presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot.

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

But if "fungus", wet or dry rot results in a "specified causes of loss", the "Fund" will pay for the loss or damage caused by that "specified causes of loss".

This exclusion does not apply:

- a. When "fungus", wet or dry rot results from fire or lightning; or

- b. To the extent that coverage is provided in **SECTION X – ADDITIONAL COVERAGE** Item A. **Limited Coverage For "Fungus", Wet Rot, Dry Rot, Virus, Bacterium And Other Micro-organism** with respect to loss or damage by a cause of loss other than fire or lightning.

This exclusion applies whether or not the loss or damage event results in widespread damage or affects a substantial area.

3. Virus, Bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease. However, this exclusion does not apply to loss or damage caused by or resulting from virus, bacterium or other micro-organism to the extent that coverage is provided in **SECTION X – ADDITIONAL COVERAGE** Item A. **Limited Coverage For "Fungus", Wet Rot, Dry Rot, Virus, Bacterium And Other Micro-organism**.
4. "Flood", including spray from any "flood", whether driven by wind or not, (except for limited coverage under Section X – Additional Coverage of this policy).
5. Water below the surface of the ground including water which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basements, or other floors, or through doors, windows, or any other openings in such sidewalks, driveways, foundations, walls, or floors; unless loss by fire, sprinkler leakage or explosion (not excluded in this policy) results, the "Fund" will pay for only such resulting loss.
- EXCEPTION: The "Fund" will provide coverage for sewer, septic system or sump pump backup that is contained within a building or structure.
6. "Surface Water" (except for limited coverage under Section X – Additional Coverage of this policy).
7. War, warlike action, insurrection, rebellion, and revolution, or action taken by governmental authority in hindering or defending against any of these.

SECTION VII-BASIS OF RECOVERY

Replacement of property "covered" by Section IV of this policy shall be based upon "replacement cost" (without deduction for depreciation) of those items to which this policy applies unless otherwise limited by other provisions of this policy, by endorsement or the following:

- A. With respect to a "historical building," the "Fund's" liability for "covered" loss or damage shall not exceed the lesser of the following amounts:
1. The policy limits of "your" coverage under this agreement.
 2. In the event of a total loss, the cost to replace the damaged property on the same site (or on a different site if relocation is required due to the enforcement of or compliance with an ordinance or law) with a less costly building that is functionally equivalent to the damaged "historical building".
 3. In the event of a partial loss the cost to repair or replace the damaged portion of the "covered" "historical building" with less costly material in the architectural style that existed before the loss or damage occurred but within a time not to exceed two (2) years unless the time is extended in writing by the "Fund".
 4. The amount actually spent that is necessary to repair or replace the lost or damaged "covered" "historical building" with less costly material if available but within a time not to exceed two (2) years unless the time is extended in writing by the "Fund".
 5. The "actual cash value" of the property at the time of the loss or damage unless it is repaired or replaced subject to the following:
 - a. If "you" do not provide "us" with written notice of "your" intent to repair or replace the damaged "covered" property within 180 days of the date of loss, then "you" will receive "actual cash value."
 - b. If "you" receive a settlement on an "actual cash value" basis, "you" may make a written request within 180 days of the date of loss to repair or replace the damaged "covered" property; or.
 - c. If there were plans for disposal or demolition of the property prior to the loss or damage, "you" will receive the "actual cash value" of the property at the time of loss.

6. The "market value" of the "covered" "historical building" unless it is repaired or replaced.
- B. The most the "Fund's" will pay for loss or damage to "covered property" other than a "historical building" shall not exceed the lesser of the following amounts:
1. The policy limits of "your" coverage under this agreement.
 2. The cost of replacing the damaged property at the time of loss with property of like kind and quality to be used for the same purpose on the same site.
 3. The amount actually spent repairing the damaged property as soon as reasonably possible after the loss or damage, but within a time not to exceed two (2) years unless the time is extended in writing by the "Fund".
 4. The "actual cash value" of the property at the time of loss or damage unless it is repaired or replaced subject to the following.
 - a. If "you" do not provide "us" with written notice of "your" intent to repair or replace the damaged "covered" property within 180 days of the date of loss, then "you" will receive "actual cash value".
 - b. If "you" receive a settlement on an "actual cash value" basis, "you" may make a written request within 180 days of the date of loss to repair or replace the damaged "covered" property: or
 - c. If there were plans for disposal or demolition of the property prior to the loss or damage, "you" will receive the "actual cash value" of the property at the time of loss or damage.

SECTION VIII-CONDITIONS

A. Other Insurance

1. No local government unit as defined in Chapter 605, Wisconsin Statutes, will contract for or pay out any "money" or funds for insurance against fire, or any other risk upon property, on and after a vote of such board or council to insure public property under its jurisdiction in the "Fund", except as may be certified by the Commissioner of Insurance to be necessary.

2. If there is other insurance covering loss to the property from any peril(s) insured against under this policy, the "Fund" will not be liable under this policy until such other insurance has been exhausted. The "Fund" shall not, in any circumstance, be liable for payment of deductibles under other policies.

- B. **Termination of Policy.** "You" may terminate this insurance by a majority vote of "your" council, and upon certifying such action to the Commissioner of Insurance, the insurance remaining in force in the "Fund" will terminate upon expiration of the policy period, unless "you" request an earlier date, in which case 90% of the unearned premium will be refunded to "you".

The "Fund" may not initiate termination of "your" policy.

- C. **Renewal of Policy.** Unless "you" terminate the insurance as stated in B. above, the "Fund" will renew this policy at the end of each policy period stated on the Declarations page for an equivalent period at the rates and terms then being applied to similar risks.

- D. **Change in Use Or Occupancy.** If "your" use or occupancy of any building or structure "covered" by this policy changes, "you" must notify "us" of such change in use or occupancy within thirty (30) days of the change in use or occupancy. Once "you" have notified "us" of a change in use or occupancy, then "your" premium may be adjusted accordingly.

- E. **Notice of Loss.** It is agreed that as soon as reasonably possible after knowledge of a loss which could result in a claim under this policy, "you" will report all available information to the "Fund". "You" must notify the police if the loss is believed to be due to a violation of law. "You" must protect the property from further damage. Necessary expenses for this protection will be paid by the "Fund".

- F. **Proof of Loss.** Unless the time for filing a Proof of Loss is extended in writing by the "Fund", you must file written Proof of Loss within the earlier of the following time periods: (a) ninety (90) days after the loss becomes, or should have become, known to you; or (b) two (2) years after the date of loss."

Upon the "Fund's" request, "you" must exhibit the damaged property to the "Fund", submit to examinations under oath by anyone designated

by the "Fund", and produce for the "Fund's" examination and copying all pertinent books and records, all at such reasonable times and places as the "Fund" designates. "You" must cooperate with the "Fund".

- G. **Appraisal.** In the event of disagreement as to the amount of loss, the loss will be determined by two competent and disinterested appraisers. "You" and the "Fund" will each select one appraiser. These two appraisers will then select a competent and disinterested third party as a referee.

The appraisers will appraise the loss, stating separately the value and damage. Failing to agree, they will submit their differences to the referee who will make a final and binding decision.

"You" will pay the appraiser you selected; the "Fund" will pay the appraiser it selected.

"You" and the "Fund" will bear equally the cost of the referee.

- H. **"Fund's" Options.** In the event of a loss or damage to "covered" property the "Fund" will, at the "Fund's" option, decide whether to:

1. Pay based on the cost to repair or replace the damaged "covered" property: and/or
2. Retain salvage rights to the damaged "covered" property.

- I. **Abandonment.** There may be no abandonment of any property to the "Fund".

- J. **When Losses Will Be Paid.** The "Fund" will notify "you" of our intentions with respect to "your" claim within thirty (30) days after proof of loss is received by the "Fund".

- K. **Loss Payable and Additional Insureds.** Loss will be adjusted with and payable to "you" except with regard to loss of property in which others have an insurable interest identified in this policy as owner(s), mortgagee(s), or loss payee(s), at which time the loss will be adjusted with "you" and payable to "you" and such other owner(s), mortgagee(s), or loss payee(s) as designated.

- L. **Subrogation.** Upon payment to "you" by the "Fund", the "Fund" acquires all rights of recovery "you" have or may have against any party, to the extent of such payment. The "Fund" will not be entitled to recover until "you"

have been made whole. Any waiver of subrogation made by "you" on or after the effective date of your resolution to insure your property through the "Fund" is not binding on the "Fund" and will not affect the "Fund's" rights of recovery against any party to the extent of any payment by the "Fund" to "you". However, any waiver of subrogation made by "you" which is in effect prior to the effective date of your resolution to insure your property through the "Fund" may be given effect provided such waiver of subrogation is made in writing before the loss.

- M. **Liberalization.** If we adopt any revision that would broaden the coverage provided by this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

- N. **Suit Against The "Fund".** No suit or action against the "Fund" for the recovery of any claim will be valid in any court of law unless all of the requirements of the policy have been followed. No suit or action against the "Fund" based on a "Fund" policy may be pursued except through judicial review under Wis. Stat. s. 227.52 commenced within six months of a final determination made by the "Fund".

- O. **Assignment.** Assignment of this policy will not be valid except with the written consent of the "Fund".

- P. **Premiums.** Premiums are payable to the Local Government Property Insurance "Fund" and are due within sixty (60) days after the date of billing, or the effective date of the policy, whichever is later.

- Q. **Premium Adjustment:**

Real Property – Premium charge or credit shall be on a pro-rata basis from the date of acquisition or disposal for buildings valued in excess of \$500,000. No additional charge will be made, or credit given, for acquisition or construction projects with a value of \$500,000 or less during the policy period. (See Section IV.M.)

Personal Property and Property in the Open – No additional charge will be made, or credit given, for addition or disposal during the policy period.

- R. **No Benefit To Bailee:**

No person or organization, other than “you”, having custody of “covered” property will benefit from this insurance.

- S. **Inspections And Surveys.** “You” grant “us” the right to have rating, advisory, rate services or similar organizations conduct insurance inspections, surveys, reports or recommendations on our behalf. However, we are not obligated to make any inspections, surveys, reports or recommendations and any such actions these organizations provide relate only to the premiums to be charged or possible improvements to “your” business activities.

We do not make safety inspections. 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, or any other organization performing an inspection, survey, report or recommendation on our behalf, do not warrant that conditions are safe or healthful, or in compliance with laws, regulations, codes or standards.

SECTION IX-DEFINITIONS

“Actual cash value” means the cost (new) to replace the structure with one of like kind and quality less physical depreciation and obsolescence.

“Computer programs” means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

“Contaminants” means mixture or contact with an impure or a foreign substance which, when introduced to the property, injures the property’s usefulness.

“Covered” means insured by the “Fund” under this policy.

“Electronic data” means information, facts or “computer programs” stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software or digital information which are used with electronically controlled equipment.

“Employee(s)” means any partner, member, officer, manager, employee (including leased employees), director, trustee, or official.

“Extra Expense” means the excess (if any) of the total cost incurred during the period the property is being restored, chargeable to “your” “operations”, over and above the total cost that would normally have been incurred to conduct “your” “operations” during the same period had no damage or destruction occurred.

“Fine Arts” means works of art, museum collections, limited production collectibles, historical value items, antiques or rare articles, including etchings, pictures, photographs (negatives and positives), lithographs, gallery proofs, original records, and similar property.

“Flood” means a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is “your” “covered” property) arising out of any of the following:

- a. Overflow of inland or tidal waters. This includes overflow of inland or tidal waters due to the collapse or subsidence of land along the shore of a lake, river or similar body of water as a result of erosion or undermining caused by waves or currents of water
- b. Mudflow.

“Fund” or “Fund’s” means the Local Government Property Insurance Fund.

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

“Historical building” means any building or structure listed by the Wisconsin State Historical Society on the Wisconsin State and National register of historic places.

“Market value” means the price which the property might be expected to realize if offered for sale in “your” local real estate market.

“Money” means currency, coins, bank notes and bullion, and travelers checks, registered checks and money orders (including those held for sale to the public).

“Occurrence” means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results in property damage during the policy period.

“Operations” means “your” business activities occurring at the described premises.

"Pollutants" means any solid, liquid, gaseous or thermal irritant or "contaminants", including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

"Replacement Cost" means the cost to repair or replace (new) the property with like kind and quality.

"Securities" means all negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes revenue stamps, food stamps, and other stamps in current use; tokens and tickets.

"Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. Sinkhole collapse does not include the cost of filling sinkholes; or, sinking or collapse of land into manmade underground cavities.

"Specified causes of loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects; weight of snow, ice or sleet; "water damage". Falling objects does not include loss or damage to:

- a. Property in the open; or,
- b. 1. The interior of a building or structure; or,
2. Property inside a building or structure;

Unless the roof or an outside wall of the building or structure is first damaged by a falling object:

"Surface Water" means water that: derives from natural precipitation such as falling rain or melting snow; is diffused over or accumulates on the surface of the ground; follows no defined course or channel; does not form a natural body of water; and which is lost by evaporation, percolation, or natural drainage. "Surface water" does not include water below the surface of the ground and other losses excluded in **SECTION VI. B. 4. and 5.**

"Vacant" See definition in **SECTION V**, Item K.

"Valuable Records" means inscribed, printed or written documents; manuscripts or records, including abstracts, books, deeds, drawings, films, maps, and mortgages. "Valuable Records" does not mean your accounts receivables, "money" or "securities".

"Water damage" See definition in **SECTION V**, Item K.

SECTION X - ADDITIONAL COVERAGES

A. Limited Coverage For "Fungus", Wet Rot, Dry Rot, Virus, Bacterium And Other Micro-organism.

1. The coverage described in Paragraph 2. below only applies when the "fungus", wet or dry rot, virus, bacterium or other micro-organism is the result of one or more of the "specified causes of loss", other than fire or lightning, that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that "occurrence".
2. The "Fund" will pay for loss or damage by "fungus", wet or dry rot, virus, bacterium or other micro-organism subject to the coverage limits specified in Paragraph 3 of this Limited Coverage. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot, virus, bacterium or other micro-organism including the cost of removal of the "fungus", wet or dry rot, virus, bacterium or other micro-organism;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot, virus, bacterium or other micro-organism; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot, virus, bacterium or other micro-organism are present.
3. The coverage described under Paragraph 2. of this Limited Coverage is limited to \$15,000 for each "covered" loss and \$50,000 during any policy period. Regardless of the number of claims, this limit is the most the "Fund" will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) which take place in a 12- month policy period. With respect to a particular "specified causes of

loss" which results in "fungus", wet or dry rot, virus, bacterium or other micro-organism, the "Fund" will not pay more than a total of \$15,000 even if the fungus", wet or dry rot, virus, bacterium or other micro-organism continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular "specified causes of loss" results in loss or damage by "fungus", wet or dry rot, virus, bacterium or other micro-organism and other loss or damage, the "Fund" will not pay more, for the total of all insurance on the affected Covered Property.

If there is "covered" loss or damage to Covered Property, not caused by "fungus", wet or dry rot, virus, bacterium or other micro-organism loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet rot or dry rot, virus, bacterium or other micro-organism causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The following additional condition applies to losses "covered" under **Limited Coverage For "Fungus", Wet Rot, Dry Rot, Virus, Bacterium And Other Micro-organism** when the policy includes the OCI 41-108 Business Income Endorsement.: The "specified causes of loss" definition in Item C. 3. of this endorsement will apply to any loss arising from "fungus", wet or dry rot, virus, bacterium or other micro-organism that is "covered" under Paragraph B. **Limited Coverage For "Fungus", Wet Rot, Dry Rot, Virus, Bacterium And Other Micro-organism** and under the OCI 41-108 Business Income Endorsement.

B. Additional Coverage – "Fine Arts". The "Fund" will provide coverage for "Fine Arts" subject to the following:

1. We will not pay more than \$50,000 for any one "Fine Arts" unless "you" insure those items for specific amounts by purchasing an Agreed Value Fine Arts endorsement.
2. Any other property "covered" under this policy, including Property in the Open,

which is determined to be a "Fine Arts" item, shall be subject to the provisions of this additional coverage.

However, the "Fund" will not apply the limit in Item 3.a. of this provision if any "Fine Arts" item is individually scheduled on the Declarations for a coverage amount exceeding \$50,000. The \$50,000 value in Item 3.a. shall then be replaced by the higher value shown for the individually scheduled item on the Declarations page.

3. The most the "Fund" will pay for each item covered under this additional coverage shall not exceed the lesser of the following amounts:

- a. \$50,000;
- b. The cost of replacing the damaged property at the time of loss with property of like kind and quality to be used for the same purpose on the same site;
- c. The amount actually spent repairing "your" damaged property as soon as reasonably possible after the loss or damage, but within a time not to exceed two (2) years from the date of the loss or damage, unless the time is extended in writing by the "Fund"; or
- d. The "actual cash value" of the property at the time of loss unless it is repaired or replaced subject to the following:

1). It "you" do not provide "us" with written notice of "your" intent to repair or replace the damaged "covered" property within 180 days of the date of loss, then "you" will receive "actual cash value."

2). If "you" receive a settlement on an "actual cash value" basis, "you" may make a written request within 180 days of the date of loss to repair or replace the damaged "covered" property; or

3). If there were plans for disposal or demolition of the property prior to the loss or damage, "you" will receive the "actual cash value" of the property at the time of loss.

4. **SECTION VII-BASIS OF RECOVERY** does not apply to this additional coverage.

C. **Additional Coverage – “Surface Water”.** The “Fund” will provide coverage for loss due to “surface water”, subject to the following limitations:

1. This Additional Coverage does not apply to loss at any property located in a designated flood plain, special flood hazard areas (SFHA) in all “A” – zones as defined by the National Flood Insurance Program.
2. The most the “Fund” will pay under this **Additional Coverage – “Surface Water”** is \$500,000 per “occurrence” if:
 - a. “Surface water” causes loss; or,
 - b. “Flood” other than “surface water” contributes to a “surface water” loss, “covered” by this Additional Coverage.
3. More than one event that causes or results in “surface water” during a

continuous seventy-two (72) hour period shall be deemed to be a single “occurrence”.

D. **Additional Coverage – “Pollutants” or “Contaminants”.** The “Fund” will pay no more than \$10,000 for expenses incurred for removal of “pollutants” or “contaminants” from land or water due to a “covered” loss. The discharge, disposal, seepage, migration, release or escape of “pollutants” or “contaminants” must be caused by a loss not otherwise excluded.

However, the most the “Fund” will pay in each annual policy period under this Additional Coverage is \$50,000 for all “covered” losses.

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

This policy is made and accepted subject to the foregoing provisions together with such other provisions and agreements as may be added by endorsement.

Commissioner of Insurance and Manager
Local Government Property Insurance Fund

**THE FOLLOWING ITEMS ARE CONTRACTORS EQUIPMENT
AND MUST BE SCHEDULED TO HAVE COVERAGE
IN EXCESS OF THE \$10,000 PROVIDED IN SECTION IV.H**

Airport Equipment	Farm Equipment	Portable Equipment
Aircraft Servicing Equipment	Bailers	Compactors Compressors
Fire Fighting Equipment	Combines	Excavators Generators
Snow Removal Equipment	Cultivators	Pumps Scales
Asphalt/concrete Plants	Harvesters	Stages Tanks
All-Terrain Vehicles	Haybines	Turbines Water Blaster
Augerminer	Planters	Pulvi-mixers
Back Hoes	Spreaders	Pumps
Boats/Motors	Fork Lifts	Railroad Equipment
Booster Heaters	Golf Carts	Railroad Cars Railroad Engines
Boring Machines	Grinders	Track Service Vehicles
Brush Burners	Hauling Equipment (off Highway)	Road Equipment
Cement Mixers	End Dumps	Flushers Graders
Chippers	Hoisting Machines	Oilers Scrapers
Choppers	Honey Wagons	Rollers Sweepers
Compaction Equipment	Hydraulic Breaker	Spreaders Shoulder Machines
Pneumatic Rollers	Jet Skis	Robots
Steel Wheel Rollers	Lake Treatment Equipment	Rock Pickers
Tamping Compactors	Barges	Road Wideners
Vibratory Compactors	Lake Sprayers	Sand Blasters
Concrete Saws	Weed Harvesting Equipment	Seeders
Conveyors	Leaf Suckers	Sewer Jetters
Core Drill	Lifts	Sewer Rodders
Cranes	Loaders	Shovels
Crack Melter	Mowers	Sludge Trucks
Crushing & Aggregate Equipment	Mulchers	Sludge Injectors
Derricks	Painting Machines	Snow Grooming Equipment
Discs	Paving Equipment	Snowblowers
Ditchers	Base Plants Finishers	Snowmobiles
Draglines	Distributors Mixers	Sprayers
Earth Moving Equipment	Profilers Plants	Street Sweepers
Crawler Loaders	Rippers Screeners	Stump Cutters
Loader - Backhoes	Spreaders Surge Bins	Stump Pullers
Motor Graders	Scarifiers Asphalt Heaters	Surge Bins
Motor Scrapers	Tar Kettles Tumblers	Tractors (including riding lawnmowers)
Rubber-tired Loaders	Transit Mixers	Trailers, Unlicensed
Wheel Tractors	Pile Driving Equipment	Tree Movers/Planters
End Loader Type Equipment	Pipeline Equipment	Valve Operator
Excavating Pumps	Plow Blades	* Vehicles
Excavators	Plow Wings	Water Wagons
		Welders
		Windrow Eliminators
		Windrower

Attachments related to the operation of the property listed above need not be scheduled. They are covered as part of the basic power unit.

Any Contractor's Equipment that is 10 years old or older on the date of loss is valued at actual cash value, and is ineligible for replacement cost coverage.

- * Vehicles designated for road use but not licensed because of specialized use such as airport vehicles or sludge trucks are Contractors Equipment. Attachments to vehicles licensed for road use such as wing blades, snowblades, and sanders are Contractors Equipment.