

**STATE OF WISCONSIN
LOCAL GOVERNMENT PROPERTY INSURANCE FUND
125 South Webster Street
Madison, Wisconsin 53703**

Builder's Risk Policy Provisions

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

Throughout this policy, the words "you" and "your" refer to the Named Insured shown on the Policy Declarations. The words "we," "us" and "Fund" mean 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 "your" premium payment, subject to the provisions of this policy and in accordance with ch.605, Wisconsin Statutes, "we" agree with "you" that "we" will insure those named on the Policy Declarations for the coverage and the limits of liability shown on the Policy Declarations.

SECTION I—PERILS COVERED

This policy insures against the risk of direct physical loss of or damage to "covered" property, except as limited or excluded in this policy.

SECTION II—DEDUCTIBLE

The amount shown as deductible on the Policy Declarations for this policy shall be deducted from the amount payable by the "Fund" under this policy for each "occurrence." However, if there is other "covered" property at the same premises insured by another "Fund" policy that is damaged during the same "occurrence," the total deductible will be no more than the single highest policy deductible for all "covered" property at the same premises.

SECTION III—AMOUNT OF COVERAGE

The maximum dollar limit of coverage for "covered" property is 120% (120 percent) of the coverage limit shown on the Policy Declarations. This limit to the amount of coverage is further subject to the terms, conditions and limitations stated in Section IV and Section VII.

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

The premium charged is based upon 100% of the total value shown for the items on the Policy Declarations.

SECTION IV—COVERED PROPERTY, LIMIT OF COVERAGE

This policy covers:

OCI 41-104 (R 07/2016)

- A. "Buildings and structures" listed on the Policy Declarations.
- B. "Building materials."
- C. Personal property that "you" own or are legally responsible for insuring and intended for use in the construction or occupancy of the "buildings and structures" listed on the Policy Declarations. Personal property includes: building contents; equipment and supplies; drawings and plans; and personal property in the custody of the builder, or their subcontractor, if intended for use in the construction or occupancy of the "buildings and structures."
- D. 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 polluted or contaminated land or water.
- E. Lawns, trees, shrubs, and plants if within 1,000 feet of "your" "buildings and structures." 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.
- F. Employees' Personal Property. The "Fund" will cover personal property owned by "your" "employees" while the employees' personal property is contained in the "buildings and structures," or

within 1,000 feet of the "buildings and structures." This coverage only applies if the employees' personal property is not "covered" by other insurance. The maximum coverage for property owned by any one "employee" is \$500. The coverage limit for each "occurrence" for all such property 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.

G. Personal property owned by someone other than "you" or "your" "employees," if it is not covered by other insurance, and while it is in "your" care, custody, or control, and while it is contained in the "buildings and structures" or within 1,000 feet of the "buildings and structures." The coverage limit for each "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.

H. "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 "building and structures"; and

b. At temporary locations, including:

(1) Relocation expenses; and

(2) Costs to equip and operate the temporary locations.

2. The "Fund" will pay any "Extra Expense" to minimize the suspension of business if "you" cannot continue "operations."

3. To the extent it reduces the amount of loss that otherwise would have been payable under this policy, the "Fund" will pay any "Extra Expense" to:

a. Repair or replace any "covered" property; or

b. Research, replace or restore the lost information on damaged valuable papers and records including lost information contained on electronic media that has been damaged by an insured peril.

4. However, the "Fund" will not cover any "Extra Expense" as a result of:

a. Any increase in the "period of restoration" needed to repair or replace any damaged "covered" property due to:

(1) Adverse weather conditions;

(2) Improvements necessary to correct deficiencies in original construction, erection or fabrication;

(3) Interference or interruption of "operations" by strikers or other persons; or

(4) Any requirement of "you" 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 a "pollutants" or "contaminants."

b. Any other consequential loss.

5. The expiration date of this policy will not cut short the "period of restoration."

6. 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 "operations" shall be taken into consideration in the adjustment of any loss.

7. The maximum payment under this "Extra Expense" coverage is further subject to the terms, conditions and limitations stated in Section III and Section VII.

I. 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 coverage subject to the following:

1. The "Fund" will also pay for loss or damage to the undamaged portion of a "covered" "buildings and structures" caused by enforcement of or compliance with any ordinance or law that:

- a. Requires the demolition of parts of the same "buildings and structures" not damaged by an insured peril;
 - b. Regulates the construction or repair of "buildings and structures," 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 premise. 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 "buildings and structures" to the minimum standards required by the ordinance or law. In no event will the "Fund" pay more than the amount it would cost to repair, rebuild or reconstruct the "buildings and structures" 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.
- J. Fire Department Charges. The "Fund" will reimburse "you" up to \$5,000 at each premises for each fire department charge incurred for containing a fire or other "covered" loss to which this insurance applies. No deductible applies to this reimbursement.

SECTION V—PROPERTY NOT "COVERED"

Unless specifically listed in the Policy Declarations or in an endorsement attached to this policy, 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. Underground cables and underground storm, water and sewer systems that are more than 1,000 feet, on the horizontal, from a "covered" "buildings and structures."
- C. Those portions of sidewalks, bridges (including roadway bridges and railroad bridges), culverts, roadway, and other paved surfaces that are more than 100 feet from a "covered" "buildings and structures."
- D. Dams, pavements, swimming pools and related equipment, retaining walls, bulkheads, piers, bridges, wharves and docks for damage caused by: freezing or 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.
- E. Railroads, meaning trackage, beds, ties and railroad bridges, that are more than 100 feet from a

“covered” “buildings and structures.” Amusement park rail systems are “covered” property when they are insured “buildings and structures.”

- F. Vehicles licensed for road use and aircraft.
- G. Animals and livestock.
- H. “Money” and “securities,” including postage stamps and food stamps, deeds, evidence of debt, and accounts receivable.

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.

EXCEPTION: The exclusion for error, omission or deficiency in design, specifications, workmanship or materials shall not apply to losses due to “collapse.”

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 “employees” 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.

9. Acts or decisions by, including the failure to act or decide, any person, group or organization representing a governmental, regulatory or controlling body.

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 rot or dry rot.

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 COVERAGES** 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 COVERAGES** 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 – Item B. Additional Coverage – "Surface Water"** of this policy).
5. "Surface Water" (except for limited coverage under **SECTION X – Item B. Additional Coverage – "Surface Water"** of this policy).

6. 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

A. 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.

B. The "Fund's" liability for loss on a "replacement cost" basis shall not exceed the least 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 in 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 to repair or replace is extended in writing by the "Fund."
4. The "actual cash value" of the property at the time of loss if it is not 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 damage.

SECTION VIII—CONDITIONS

A. Other Insurance

1. No local governmental unit as defined in ch.605, Wis. Stat. will contract for, pay out any money to any private insurer nor incur any indebtedness against the local governmental unit to a private insurer for any insurance on any property of the local governmental unit or for which the local governmental unit may be legally liable if such insurance is available under ch.605 unless it is approved by the Commissioner of Insurance as necessary or unless it is insurance on personal property which the local governmental unit by resolution filed with the Commissioner of Insurance has decided to insure in insurance companies authorized to do business in the state of Wisconsin.
2. If there is any insurance policy, other than a "Fund" policy, covering loss of or damage to the property from any peril(s) "covered" under this policy, coverage under this policy is excess over coverage provided under the other 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.
3. A claim by "you" against another "Fund" insurance policy for a loss or damage also "covered" by this policy prohibits recovery under this policy for the same "covered" loss or damage to the extent of the amount payable under the other "Fund" insurance policy. Any loss or damage for which "you" receive payment under any other "Fund" policy is not eligible for payment under this policy.

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 in his or her capacity as the "Fund" manager, the insurance in force in the "Fund" will terminate upon expiration of the policy period, unless "you" specify an earlier date for termination, in which case 90% of the unearned premium will be refunded to "you."

The "Fund" may not initiate termination of this policy except as indicated in Item D. below.

C. Renewal of Policy. Unless "you" terminate this insurance pursuant to the conditions stated in B. above, or unless coverage ceases pursuant to the conditions stated in D. below, the "Fund" will renew

this policy at the end of each policy period stated on the Policy Declarations for an equivalent period at the rates and terms then being applied to similar risks.

D. When Coverage Ceases. Coverage provided under this policy will end when any one of the following first occurs:

1. This policy expires or is cancelled;
2. "Your" interest in the property ceases;
3. "You" abandon the construction with no intention to complete it;
4. Unless "we" specify otherwise in writing:
 - a. 90 days after construction is complete; or
 - b. 60 days after any "buildings and structures" described in the Policy Declarations is:
 - 1) Occupied in whole or in part; or
 - 2) Put to its intended use; or
 - 3) Accepted by "you."

E. Notice of Loss. It is agreed that as soon as reasonably possible after "you" acquire knowledge of a loss or damage 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, each stating separately in writing the value and damage. In the event the appraisers fail to agree, they will submit their differences to the referee. A decision as to the amount of the loss agreed to by any two will set the amount of the loss, and such amount will constitute 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 forty-five (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 ch.227.52, Wis. Stat., commenced within six (6) 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.** Premium charge or credit shall be on a pro rata basis from the effective date of this policy to the date that the policy is cancelled per **CONDITION D – When Coverage Ceases.** The "Fund" agrees to waive any mid-term policy changes that result in a charge or credit of less than \$10.

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 “buildings and structures” with one of like kind and quality, less physical depreciation and obsolescence.

“Building materials” means: unattached materials and supplies; fixtures and machinery; and equipment used to service the “buildings and structures,” that are intended for use in the construction or occupancy of the “buildings and structures.” “Building materials” also includes “building materials” in the custody of the builder, or their subcontractor, if intended for use in the construction or occupancy of the “buildings and structures” and not covered by other insurance.

“Buildings and structures” means the real property under construction listed on the Policy Declarations of this policy. It also includes “buildings and structures” for which “you” may be contractually liable in the event of damage or destruction and which are in “your” care, custody or control. “Buildings and structures” also includes temporary structures, signs and fences erected within 1,000 feet of the premises.

“Collapse” means an abrupt falling down or caving in of a “buildings and structures” or any part of a “buildings and structures” with the result that the “buildings and structures” or part of the “buildings and structures” cannot be used for its intended purpose. However, the following is not considered as “collapse”:

- a. “Buildings and structures” or any part of a “buildings and structures” that is in danger of falling down or caving in;
- b. A part of a “buildings and structures” that is standing even if it has separated from another part of the “buildings and structures”;
- c. “Buildings and structures” that is standing or any part of a “buildings and structures” that is standing even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

“Contaminants” means mixture with 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.”

“Delay” means the additional period of time that construction of the “buildings and structures” has been extended beyond the projected completion date.

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

“Extra Expense” means the additional necessary and actual expenses that “you” incur as a result of the “period of restoration” that would not have been incurred had there been no direct physical loss or damage to “covered” property. “Extra Expense” includes:

- a. Additional fees such as architectural design; surveying; attorneys; accountants; titles; appraisals; refinancing; or construction permits; and
- b. Additional expenses such as advertising and promotion; interest payments due to the “period of restoration”; expediting including overtime; transportation or storage; realty taxes or assessments; lease renegotiation and administration; additional site security; lease extensions for extending equipment and temporary office rentals; and additional insurance premiums.

“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.

“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.

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

“Occurrence” or “occurrences” means an accident, including continuous or repeated exposure to substantially the same harmful conditions, that results in a loss of or damage to property during the policy period.

“Operations” means “your” construction activities occurring at the “buildings and structures” shown on the Declarations Page.

“Period of restoration” means the period of “delay” that

- a. Begins immediately after the time of direct physical loss or damage to "covered" property, and
- b. Ends on the date when the "covered" "buildings and structures" should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"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, 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."

"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.**

"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.

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 "buildings and structures" 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 twelve (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 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—"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."

C. 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