

# ATTACHMENT 2

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The Liability Insurance Policy at issue in *Fulford v. Jenkins, et al.*  
(Excerpted from the Record on Appeal)

STATE OF NORTH CAROLINA  
COUNTY OF DUPLIN

IN THE GENERAL COURT OF JUSTICE  
SUPERIOR COURT DIVISION  
FILE NO. 06 CVS 627

JAMES E. FULFORD JR., Executor for the Estate of Mary Fulford,  
Plaintiff,

v.

ANTONIO JAVON JENKINS; COUNTY OF DUPLIN; DUPLIN COUNTY DEPARTMENT OF SOCIAL SERVICES; MILLIE I. BROWN, Individually and in her Official Capacity as Director of Duplin County Department of Social Services; DE WANA KENAN, Individually and in her Official Capacity as a Social Worker with the Duplin County Department of Social Services; SHERITA WRIGHT, Individually and in her Official Capacity as a Social Worker with the Duplin County Department of Social Services; NANETTE SMITH, Individually and in her Official Capacity as a Social Worker with the Duplin County Department of Social Services; and ELVA QUINN, Individually and in her Official Capacity as a Social Worker with the Duplin County Department of Social Services,  
Defendants.

FILED  
2008 JAN -9 AM 10:12  
DUPLIN COUNTY, C.S.C.

**AFFIDAVIT**  
**OF ANGELA FRANCIS**

NOW COMES THE Affiant, Angela Francis, having personal knowledge of the facts stated herein and having been duly sworn, and says:

1. I am the Deputy Finance Officer for Duplin County and the custodian for the county's insurance policies.
2. Attached to this Affidavit is a true and correct copy of the North Carolina Counties Liability and Property Pool Insurance Fund Contract ("Contract"), which Duplin County and the North Carolina Association of County Commissioners entered into for coverage

of insurance, for the period of July 1, 2003, through July 1, 2004. Said Contract provided the only insurance coverage for Duplin County for this period. This Contract is marked as Exhibit "A" to this Affidavit.

This is the 14<sup>th</sup> day of August, 2007.

  
ANGELA FRANCIS

Sworn to and subscribed before  
me this 14<sup>th</sup> day of August, 2007.

  
NOTARY PUBLIC

My Commission Expires: 11-02-2011

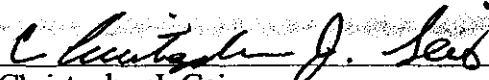
**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that he is an attorney at law licensed to practice in the State of North Carolina, is the attorney for defendants Duplin County, Duplin County Department of Social Services, Millie I. Brown, De Wana Kenan, Sherita Wright, Nanette Smith, and Elva Quinn, and is a person of such age and discretion as to be competent to serve process.

That on January 7, 2008, he served a copy of the attached **AFFIDAVIT OF ANGELA FRANCIS** by placing said copy in a first class postpaid envelope and addressed to the person(s) hereinafter named, at the place(s) and address(es) stated below, which is/are the last known address(es), and by depositing said envelope and its contents in the United States Mail at Winston-Salem, North Carolina.

**ADDRESSEE(S):**

Stephen M. Valentine, Esquire  
Valentine & McFadyen  
306 Cedar Street  
Beaufort, N.C. 28516  
*Attorney for Plaintiff*

  
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Christopher J. Geis  
WOMBLE CARLYLE SANDRIDGE & RICE  
*A Professional Limited Liability Company*  
One West Fourth Street  
Winston-Salem, N.C. 27101  
Telephone: (336) 721-3600  
Facsimile: (336) 721-3660  
*Attorneys for Defendants Duplin County,  
Duplin County Department of Social Services,  
Millie I. Brown, De Wana Kenan, Sherita Wright,  
Nanette Smith, and Elva Quinn*

2003-2004

<b>1</b>	<b>General Declarations Page General Provisions</b>
<b>2</b>	<b>Section I : Property</b>
<b>3</b>	<b>Section II : General Liability</b>
<b>4</b>	<b>Section III : Automobile</b>
<b>5</b>	<b>Section IV : Crime</b>
<b>6</b>	<b>Section V : Professional Liability : Law Enforcement Liability and Public Officials Liability</b>
<b>7</b>	<b>Section VI : Equipment Breakdown</b>
<b>8</b>	<b>Section VII : Umbrella Liability</b>
<b>9</b>	<b>Environmental Impairment Liability</b>
<b>10</b>	<b>Endorsements</b>



**NORTH CAROLINA COUNTIES LIABILITY AND PROPERTY INSURANCE POOL FUND**

**GENERAL DECLARATIONS**

**Participant:** Duplin County

**Address:** P.O. Box 910  
Kenansville, NC 28349

**Certificate Number:** LP-DU-031-03

**Contract Period:** From 07/01/2003 to 07/01/2004

**Effective Time:** 12:01 a.m., Eastern Standard Time

**Pool Sponsored by:** North Carolina Association of County Commissioners  
215 North Dawson Street  
P. O. Box 1488  
Raleigh, NC 27602

**Pool Administered by:** North Carolina Association of County Commissioners Risk  
Management Agency  
Albert Coates Local Government Center  
215 North Dawson Street  
P. O. Box 1488  
Raleigh, NC 27602-1488

**Third Party Administrator:** Marsh USA, Inc.  
100 North Tryon Street, Suite 3200  
Charlotte, NC 28202

**Claims Administrator:** Sedgwick Claims Management Services, Inc.  
4824 Parkway Plaza Blvd., Suite 150  
Charlotte, NC 28217



**NORTH CAROLINA COUNTIES LIABILITY AND PROPERTY INSURANCE POOL FUND  
SECTION I  
PROPERTY  
CONTRACT DECLARATIONS**

Participant: Duplin County  
 Certificate Number: LP-DU-031-03  
 Contract Period: From 07/01/2003 to 07/01/2004  
 Effective Time: 12:01 a.m., Eastern Standard Time

SCHEDULE OF PROPERTY AND LIMITS	
Real and Personal Property: Blanket Limit*	\$ 31,956,680
Valuable Papers and Records: Declared Value	\$ 150,000
Accounts Receivable: Declared Value	\$ 0
Business Interruption and Extra Expense: Declared Value	\$ 258,000
Rental Income: Declared Value	\$ 0
Piers, Wharves and Docks: Declared Value	\$ 0
Fences (Not included as Property in the Open): Declared Value	\$ 0
Law Enforcement Dogs/Horses: Declared Value	\$ 0
Miscellaneous Equipment: Declared Value	\$ 1,037,618
Mobile Equipment (Incl. Landfill Equipment, Boats/Trailers): Blanket Limit	\$ 770,688
Communication Towers: Blanket Limit	\$ 833,571
Fine Arts: Declared Value	\$ 150,000

\* includes Computer Hardware and Software, Telephone Systems, Voting Machines, Mobile Radios and Property in the Open

**DEDUCTIBLE**

Real and Personal Property per Occurrence	\$ 1,000
Inland Marine per Occurrence	\$ 1,000
Flood per Occurrence	\$ 25,000
Earthquake per Occurrence	\$ 25,000
Terrorism Per Occurrence	\$ 10,000
Mold Per Occurrence	\$ 10,000

*The following conditions apply to certain property:*

*Any building over \$1,000,000 in value and over 50 years old requires an appraisal if replacement cost coverage is to apply. Otherwise, coverage shall be made on an Actual Cash Value basis.*

*As regards valuable papers, fine arts, accounts receivable, piers, docks, and wharves, and law enforcement dogs and horses, values must be declared for coverage to apply.*

*If a new exposure is acquired by the Participant during the year, such new exposure must be reported for coverage. This applies for exposures for which a limit is not already shown on this Property Contract Declarations Page.*

## NORTH CAROLINA COUNTIES LIABILITY AND PROPERTY INSURANCE POOL FUND

### GENERAL PROVISIONS

#### A. General Application.

This Section (General Provisions) shall apply to Sections I (Property), II (General Liability), III (Automobile), IV (Crime), V (Professional Liability), VI (Equipment Breakdown) and VII (Liability Umbrella), where applicable, unless specific provisions are contained in the appropriate section.

#### B. Definitions.

In this Contract, defined terms shall have the meanings below, unless the context clearly otherwise requires. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa. Unless otherwise defined in a section or provision therein as used in this Contract, the following defined terms shall have the following meanings:

1. "Application" means the document or documents required from the Participant prior to and during its participation in the Fund.
2. "Canada" means Canada.
3. "Claims Administrator" means Sedgwick Claims Management Services or its successors.
4. "Commissioner" means a Commissioner of a county in the State.
5. "Contract" means this entire agreement to provide coverage for property, general liability, automobile, crime, professional liability, equipment breakdown and liability umbrella (where applicable) and includes the title pages, the table of contents and all pages and provisions referred to therein, except the provisions of the Environmental Impairment Liability Contract.
6. "Contract Declarations" means the items stated in the initial page of each section of this Contract listing the name of the Fund, the Participant, the Contract Period, the Effective Date, and other items.
7. "Contract Period" means the period of time set forth in the Contract Declarations.
8. "Declarations Page" means the page or pages at the beginning of each Section showing the Participant and general provisions or limits of coverage.
9. "District of Columbia" means the District of Columbia.
10. "Effective Date" means at 12:01 a.m. Eastern Standard Time on the initial date listed across from the Contract Period in the Contract Declarations.
11. "Employees" includes Commissioners.
12. "Environmental Impairment Liability Contract" means that separate contract listed as such in the Table of Contents.
13. "Expiration Date" means 12:01 a.m. eastern standard time of the last day stated in the Contract Period.
14. "Fund" means the North Carolina Counties Liability and Property Insurance Pool Fund.
15. "Manuscript" means a specifically written and comprised document as distinguished from a



printed copy or form.

16. "Notice" means any reasonable communication to the party to be notified. Notice is reasonable if actually physically delivered in writing.
17. "Notice of Loss" means a report in writing from the Participant to the Fund concerning every loss occurrence which may give rise to a claim under this Contract.
18. "Participant" means the political subdivision listed in the Contract Declarations.
19. "Participants" means all political subdivisions participating in the Fund.
20. "Proof of Claim" or "Proof of Loss" means a signed and sworn detailed statement filed with the Fund as soon as possible after the applicable event.
21. "Puerto Rico" means Puerto Rico.
22. "Section" means the divisions into Section I (Property), Section II (General Liability), Section III (Automobile), Section IV (Crime), Section V (Professional Liability), Section VI (Equipment Breakdown), Section VII (Liability Umbrella) and the General Provisions.
23. "State" means the state of North Carolina.
24. "Table of Contents" means the listing of contents of the Contract.
25. "Third Party Administrator" means Marsh USA Inc. or its successors.
26. "United States of America" means the United States of America.

**C. General Provisions.**

The following provisions shall apply to the Contract, unless different provisions are specifically provided for in a Section or provision of a Section.

1. Appraisal.

If the Participant and the Fund fail to agree on the amount of loss, each, upon Notice to the Fund or the Participant made within sixty (60) days after receipt of Proof of Loss by the Fund, will select a competent and disinterested appraiser. The appraisers will then select a competent and disinterested umpire. If they should fail for fifteen (15) days to agree upon such umpire, then upon the request of the Participant or of the Fund such umpire will be selected by a judge of a court of jurisdiction in the county and state. Then at a reasonable time and place, the appraisers will appraise the loss stating separately the value at the time of loss and the amount of loss. If the appraisers fail to agree they will submit their differences to the umpire. An award in writing of any two will determine the amount of loss. The Participant and the Fund will each pay its chosen appraiser and will bear equally the other expenses of the appraisal and the umpire.

2. Action Against the Fund

No action shall lie against the Fund unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this Contract, nor until the amount of the Participant's obligation to pay shall have been finally determined either by judgment against the Participant after actual trial or by written agreement of the Participant, the claimant, and the Fund.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Contract to the extent of the coverage afforded by this Contract. No person or organization shall have any right under this Contract to join the Fund as a party in any action against the Participant

to determine the Participant's liability, nor shall the Fund be impleaded by the Participant or its legal representative. Bankruptcy or insolvency of the Participant shall not relieve the Fund of any of its obligations hereunder.

3. Termination.

- a. Termination by the Fund. This Contract can be canceled by the Fund only on a renewal date and only after having given written notice by certified mail, return receipt requested, to the Participant at least sixty (60) days before such anniversary date except that the Fund may cancel at any time: (i) after giving ten (10) days written notice to the Participant if the Participant has failed to pay any contribution when due, or, (ii) as a result of substantive reorganization or dissolution of the Participant. If the Fund chooses not to cancel for non-payment, payment of the Participant's claims will be suspended immediately until the balance due is paid in full.
- b. Termination by the Participant. The Participant may cancel this Contract without penalty effective on their renewal date, after giving written notice to the Fund at least thirty (30) days prior to such renewal date. In no event will termination become effective prior to thirty (30) days from the date of notice of termination by the Participant.
- c. Termination Penalty. In the event the Participant fails to comply with the provisions as outlined in C. 3. b. above, or if the Fund cancels for non-payment, the Participant will be liable as follows: (i) if notice to the Fund is less than thirty (30) days before the Participant's renewal date but prior to the renewal effective date, ten percent (10%) of the annual estimated renewal contribution will be payable, (ii) if notice to the Fund is after the renewal date, the full annual estimated renewal contribution will be payable.
- d. If, at any time this Contract is canceled by any party, the Fund holds any contributions which are refundable to the Participant, such contributions shall be refunded following the time the statute of limitations on all claims for the year has run.

4. Statutes.

If any of the provisions of this Contract conflict with the laws or statutes of any jurisdiction in which this Contract applies, this Contract is amended to conform to such laws or statutes.

5. Subrogation

If the Fund pays a claim under this Contract, it will be subrogated, to the extent of such payment, to all the Participant's rights of recovery from other persons, organizations, and entities. The Participant will execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The Fund will have no rights of subrogation against:

- a. any person or entity, which is a Participant under the Contract; or
- b. any other person or entity, which the Participant has waived its rights of subrogation against in writing before the time of loss.

The Participant will act in concert with the Fund and all other interests concerned, in the exercises of such rights of recovery.

If any amount is recovered as a result of such proceedings, the net amount recovered after deducting the costs of recovery will accrue first to the Fund in proportion to its respective interests. Any excess of this amount will be remitted to the Participant. If there is no recovery, the interests instituting the proceedings will bear the expense of the proceedings proportionately.

The Participant will do nothing after a loss to prejudice such rights of subrogation.

6. Assignment

The Participant shall not make any assignment of right in this Contract without prior written approval from the Fund.

7. Bankruptcy or Insolvency

Bankruptcy or insolvency of the Participant shall not relieve the Fund of its obligations hereunder.

8. Assistance and Cooperation of the Participant

The Participant will cooperate with the Fund, and, upon the Fund's request and reasonable expense, will attend hearings and trials and will assist in effecting settlements, in securing and giving evidence, in obtaining the attendance of witnesses, and in conducting suits.

9. In Case of Loss

a. Notice of Loss

The Participant will, as soon as practicable, report in writing to the Fund every loss occurrence which may give rise to a claim under this Contract.

b. Proof of Loss

A signed and sworn detailed Proof of Loss will be filed with the Fund as soon as practicable.

c. Payment of Loss

All adjusted claims will be due and payable no later than sixty (60) days after presentation and acceptance of Proof of Loss by the Fund or its appointed representative.

d. Loss Payable

The Fund will adjust each loss of the Participant. The Fund will pay the adjusted covered loss to the Participant, or its order, or other appropriate person whose receipt will constitute a full release of liability under this Contract for such loss.

10. Recovery or Salvage

Any recovery or salvage excluding:

- a. proceeds from subrogation and underlying insurance recovered or received after a loss settlement under this Contract; and
- b. any recovery from suretyship, insurance, reinsurance, security, or indemnity taken by or for the behalf of the Fund;

will apply as if recovered or received prior to the loss settlement and the loss will be re-adjusted accordingly.

**11. Other Coverage**

The coverage afforded by this Contract is primary coverage, except when stated to apply in excess of or contingent upon the absence of other coverage. When this coverage is primary and the Participant has other coverage which is stated to be applicable to the loss on an excess or contingent basis, the amount of the Fund's liability under this Contract shall not be reduced by the existence of such other coverage. When both this coverage and other coverage apply to the loss on the same basis, whether primary, excess or contingent, the Fund shall not be liable under this Contract for a greater proportion of the loss than that stated in the applicable contribution provision below.

- a. **Contribution by Equal Shares.** If all of such other valid and collectible coverage provides for contributions by equal shares, the Fund shall not be liable for a greater portion of such loss than would be payable if each insurer contributes an equal share until the share of each insurer equals the lowest applicable limit of liability under any one contract or the full amount of the loss is paid, and with respect to any amount of loss not so paid in the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.
- b. **Contribution by Limits.** If any such other coverage does not provide for contribution by equal shares, the Fund shall not be liable for a greater proportion of such loss than the applicable limit of liability under this Contract for such loss bears to the total applicable limit of liability of all valid and collectible coverage against such loss.

12. In manner of limitation only, unless specified differently in a provision of this Contract, coverage shall apply only to occurrences/accidents/wrongful acts during the Contract Period. Any coverage for occurrences/accidents/wrongful acts prior to the Contract Period must be specifically contracted for and shall exclude any occurrences/accidents/wrongful acts known to the Participant.

**D. Reinsurance.**

**1. Property**

Coverage provided under the Section I, Property Coverage is subject to the following reinsurance limits:

- a. \$150,000,000 any one occurrence, regardless of the number of Participants
- b. \$55,000,000 annual aggregate, Earthquake
- c. \$55,000,000 annual aggregate, Flood
- d. \$25,000,000 each occurrence, Business Income and Extra Expense, regardless of the number of Participants
- e. \$25,000,000 each occurrence, Builders' Risk, regardless of the number of Participants

NCACC PROPERTY & LIABILITY INSURANCE POOL  
 PROPERTY SCHEDULE . . . LOCATIONS AND VALUES  
 2003-2004 FUND YEAR  
 Duplin County STATE: NC

Version: 0100

Bld ID#	Category	Occupancy	Department	ISO Class	Year Built	No. of Story	Square Footage	Valuation Basis	Insured Value	Content Value
<b>Location: 1 - 211 SEMINARY STREET, KENANSVILLE NC 28349</b>										
1	Building/Contents	MAINTENANCE OFFICE		1	1967	1	586	Replacement	27,200	15,40
2	Building/Contents	MAINTENENCE GARAGE		2	1967	1	883	Replacement	27,900	32,50
<b>Location Total:</b>									<b>55,100</b>	<b>47,90</b>
<b>Location: 2 - 119 MIDDLETON CEMETARY LANE, KENANSVILLE NC 28349</b>										
1	Building/Contents	WAREHOUSE		2	1969	1	3,915	Replacement	200,125	89,50
2	Building/Contents	FUEL ISLAND		6	1975	1	280	Replacement	52,630	
<b>Location Total:</b>									<b>252,755</b>	<b>89,50</b>
<b>Location: 3 - 224 SEMINARY ST., KENANSVILLE NC 28349</b>										
1	Building/Contents	ADMINISTRATION BUILDING		2	1966	2	7,500	Replacement	509,400	202,50
<b>Location Total:</b>									<b>509,400</b>	<b>202,50</b>
<b>Location: 4 - 160 MALLARD STREET, KENANSVILLE NC 28349</b>										
1	Building/Contents	ELECTIONS OFFICE		2	1963	1	3,680	Replacement	210,200	99,40
<b>Location Total:</b>									<b>210,200</b>	<b>99,40</b>
<b>Location: 5 - 118 DUPLIN STREET, KENANSVILLE NC 28349</b>										
1	Building/Contents	COURTHOUSE		2	1911	2	13,090	Replacement	2,516,610	395,300
<b>Location Total:</b>									<b>2,516,610</b>	<b>395,300</b>
<b>Location: 6 - SARECTA ROAD, KENANSVILLE NC 28349</b>										
1	Building/Contents	ANNEX		4	1959	2	11,007	Replacement	993,900	323,600
<b>Location Total:</b>									<b>993,900</b>	<b>323,600</b>
<b>Location: 7 - 208 MAIN STREET, KENANSVILLE NC 28349</b>										
1	Building/Contents	RENTAL OFFICE/PROBATION		2	1965	1	3,078	Replacement	171,200	83,100
<b>Location Total:</b>									<b>171,200</b>	<b>83,100</b>
<b>Location: 8 - 325 LANDFILL RD., KENANSVILLE NC 28349</b>										
1	Building/Contents	GARAGE/SCALEHOUSE		3	1973	1	7,242	Replacement	437,490	195,500
2	Building/Contents	WELDING SHOP		3	1984	1	1,000	Replacement	15,850	15,000
<b>Location Total:</b>									<b>453,340</b>	<b>210,500</b>
<b>Location: 9 - 213 DUPLIN ST., KENANSVILLE NC 28349</b>										
1	Building/Contents	AMBULANCE BLDG		2	1972	1	2,800	Replacement	137,990	15,400

06/21/2003

NCACC PROPERTY & LIABILITY INSURANCE POOL  
 PROPERTY SCHEDULE LOCATIONS AND VALUES  
 2003-2004 FUND YEAR  
 Duplin County STATE: NC

Version: 0100

Bld ID#	Category	Occupancy	Department	ISO Class	Year Built	No. of Story	Square Footage	Valuation Basis	Insured Value	Conten Valu
<b>Location Total:</b>									<b>137,990</b>	<b>15,41</b>
<b>Location: 10 - 117 MIDDLETON CEMETARY LANE, KENANSVILLE NC 28349</b>										
1	Building/Contents	ANIMAL CONTROL		2	1989	1	1,595	Replacement	84,620	6,21
<b>Location Total:</b>									<b>84,620</b>	<b>6,21</b>
<b>Location: 11 - 211 DUPLIN ST., KENANSVILLE NC 28349</b>										
1	Building/Contents	SOUTH WING/HEALTH ANNEX		4	1968	2	7,320	Replacement	521,300	197,60
<b>Location Total:</b>									<b>521,300</b>	<b>197,60</b>
<b>Location: 12 - 208 DUPLIN ST., KENANSVILLE NC 28349</b>										
1	Building/Contents	JAIL		4	1979	1	15,985	Replacement	2,256,010	115,00
<b>Location Total:</b>									<b>2,256,010</b>	<b>115,00</b>
<b>Location: 13 - 112 W HILL ST., KENANSVILLE NC 28349</b>										
1	Building/Contents	SHERIFF ADMINISTRATION		2	1954	1	6,840	Replacement	342,800	184,70
<b>Location Total:</b>									<b>342,800</b>	<b>184,70</b>
<b>Location: 14 - 121 MIDDLETON CEMETARY LANE, KENANSVILLE NC 28349</b>										
1	Building/Contents	ENVIRONMENTAL		3	1991	1	3,200	Replacement	142,600	86,40
<b>Location Total:</b>									<b>142,600</b>	<b>86,40</b>
<b>Location: 15 - 103 DUPLIN STREET, KENANSVILLE NC 28349</b>										
1	Building/Contents	MAIN OFFICE		2	1937	2	23,260	Replacement	1,260,700	610,60
<b>Location Total:</b>									<b>1,260,700</b>	<b>610,60</b>
<b>Location: 16 - 340 SEMINARY STREET, KENANSVILLE NC 28349</b>										
1	Building/Contents	HEALTH DEPARTMENT		4	1996	1	20,235	Replacement	1,656,300	424,90
<b>Location Total:</b>									<b>1,656,300</b>	<b>424,90</b>
<b>Location: 17 - 107 DUPLIN STREET, KENANSVILLE NC 28349</b>										
1	Building/Contents	MAIN BUILDING		2	1937	3	5,472	Replacement	305,000	206,80
<b>Location Total:</b>									<b>305,000</b>	<b>206,80</b>
<b>Location: 18 - 423 MAIN STREET, KENANSVILLE NC 28349</b>										
1	Building/Contents	SOCIAL SERVICES BUILDING		2	1915	2	57,693	Replacement	3,536,235	1,514,400
<b>Location Total:</b>									<b>3,536,235</b>	<b>1,514,400</b>

Location: 19 - 213 SEMINARY STREET, KENANSVILLE NC 28349

06/21/2003

NCACC PROPERTY & LIABILITY INSURANCE POOL  
 PROPERTY SCHEDULE LOCATIONS AND VALUES  
 2003-2004 FUND YEAR  
 Duplin County STATE: NC

Version: 0100

Bid ID#	Category	Occupancy	Department	ISO Class	Year Built	No. of Story	Square Footage	Valuation Basis	Insured Value	Conter Valu
1	Building/Contents	SENIOR SERVICES BUILDING		2	1875	1	4,852	Replacement	329,000	114,700
Location Total:									329,000	114,700
Location: 20 - 112 S. BELL ST., KENANSVILLE NC 28349										
1	Building/Contents	GROUP HOME		1	1850	2	3,016	Replacement	150,945	26,500
Location Total:									150,945	26,500
Location: 21 - 107 BOWDEN DR., KENANSVILLE NC 28349										
1	Building/Contents	LIBRARY		2	1981	1	6,122	Replacement	375,150	595,100
Location Total:									375,150	595,100
Location: 22 - 107 BOWDEN DR., KENANSVILLE NC 28349										
1	Building/Contents	STORAGE BUILDING		1	1997	1	80	Replacement	1,065	90
Location Total:									1,065	90
Location: 23 - W/S DUPLIN ST., KENANSVILLE NC 28349										
1	Building/Contents	SPRING HOUSE		2	1974	1	1,300	Replacement	19,940	
Location Total:									19,940	
Location: 24 - 220 CABIN CREEK RD, KENANSVILLE NC 28349										
1	Building/Contents	VISITORS CENTER		2	2001	1	872	Replacement	68,180	4,500
2	Building/Contents	MAINTENANCE SHOP		3	2001	1	1,800	Replacement	42,260	43,200
3	Building/Contents	BATHROOM BUILDING		2	2001	1	180	Replacement	11,995	
4	Building/Contents	RESTROOM/SHOWER		2	2001	1	556	Replacement	38,130	
5	Building/Contents	RESTROOMS/BATH HOUSE		2	2001	1	1,170	Replacement	83,385	
6	Building/Contents	PICNIC SHELTER		1	2001	1	1,200	Replacement	17,080	
Location Total:									261,030	47,700
Location: 25 - 411 S. MAIN ST., KENANSVILLE NC 28349										
1	Building/Contents	MUSEUM		1	1900	2	2,230	Replacement	247,070	103,000
2	Building/Contents	OLD POST OFFICE/COUNTRY		1	1900	1	142	Replacement	14,040	0
3	Building/Contents	SMOKE HOUSE		1	1900	1	80	Replacement	7,920	0
4	Building/Contents	HERRING HOUSE		1	1900	1	256	Replacement	24,060	0
5	Building/Contents	BLACKSMITH		1	1900	1	265	Replacement	23,190	0
6	Building/Contents	LOG SCHOOL HOUSE		1	1900	1	210	Replacement	23,100	0
7	Building/Contents	LOG BARN		1	1900	1	361	Replacement	32,810	0

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Bid ID#	Category	Occupancy	Department	ISO Class	Year Built	No. of Story	Square Footage	Valuation Basis	Insured Value	Conter Valu
<b>Location Total:</b>									<b>372,190</b>	<b>103,01</b>
<b>Location: 26 - 114 E. HILL ST., KENANSVILLE NC 28349</b>										
1	Building/Contents	ARTS COUNCIL BUILDING		1	1985	1	1,230	Replacement	61,095	10,81
<b>Location Total:</b>									<b>61,095</b>	<b>10,81</b>
<b>Location: 27 - 3831 HIGHWAY 111, KENANSVILLE NC 28349</b>										
1	Building/Contents	TREATMENT ROOM		2	1984	1	864	Replacement	128,700	99,61
2	Building/Contents	WELL HOUSE		2	1984	1	156	Replacement	22,100	26,01
3	Building/Contents	WATER TANK		3	1984	1	0	Replacement	546,500	
<b>Location Total:</b>									<b>697,300</b>	<b>126,61</b>
<b>Location: 28 - 44089 HIGHWAY 111, KENANSVILLE NC 28349</b>										
1	Building/Contents	PUMPING STATION		2	2002	1	144	Replacement	32,400	24,01
2	Building/Contents	CONTROL BUILDING		2	2002	1	182	Replacement	25,800	35,41
3	Building/Contents	WATER TANK		3	2002	1	0	Replacement	546,500	
<b>Location Total:</b>									<b>604,700</b>	<b>59,41</b>
<b>Location: 29 - 2140 SARECTA ROAD, KENANSVILLE NC 28349</b>										
1	Building/Contents	WELL HOUSE		2	1994	1	399	Replacement	70,200	28,51
2	Building/Contents	WATER TANK		3	1994	1	0	Replacement	546,500	
<b>Location Total:</b>									<b>616,700</b>	<b>28,51</b>
<b>Location: 30 - 464 SANDRIDGE ROAD, KENANSVILLE NC 28349</b>										
1	Building/Contents	WELL HOUSE		2	1994	1	399	Replacement	68,600	30,31
<b>Location Total:</b>									<b>68,600</b>	<b>30,31</b>
<b>Location: 31 - 171 HIGHWAY 111, KENANSVILLE NC 28349</b>										
1	Building/Contents	BOOSTER PUMP BUILDING		2	1997	1	598	Replacement	92,800	25,51
2	Building/Contents	CHLORINE BUILDING		6	1997	1	256	Replacement	24,600	20,41
3	Building/Contents	VALVING STATION		2	1997	1	520	Replacement	81,700	15,31
<b>Location Total:</b>									<b>199,100</b>	<b>61,21</b>
<b>Location: 32 - 1481 US 17S, KENANSVILLE NC 28349</b>										
1	Building/Contents	WASTE SITE #1		1	1991	1	96	Replacement	42,400	2,11
<b>Location Total:</b>									<b>42,400</b>	<b>2,11</b>

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Bld ID#	Category	Occupancy	Department	ISO Class	Year Built	No. of Story	Square Footage	Valuation Basis	Insured Value	Content Value	
Location: 33 - 427 HERMAN TAYLOR RD., KENANSVILLE NC 28349											
1	Building/Contents	WASTE SITE #2		1	1991	1	96	Replacement	42,400	2,100	
									Location Total:	42,400	2,100
Location: 34 - 3006 SUMMERLINS CROSSROADS, KENANSVILLE NC 28349											
1	Building/Contents	WASTE SITE #3		1	1991	1	96	Replacement	42,400	2,100	
									Location Total:	42,400	2,100
Location: 35 - 245 JOHN DAVID GRADY RD., KENANSVILLE NC 28349											
1	Building/Contents	WASTE SITE #4		1	1991	1	96	Replacement	42,400	2,100	
									Location Total:	42,400	2,100
Location: 36 - 224 KITTY NOECKER RD., KENANSVILLE NC 28349											
1	Building/Contents	WASTE SITE #5		1	1991	1	96	Replacement	42,400	2,100	
									Location Total:	42,400	2,100
Location: 37 - 1353 JACKSON STORE RD., KENANSVILLE NC 28349											
1	Building/Contents	WASTE SITE #6		1	1991	1	96	Replacement	42,400	2,100	
									Location Total:	42,400	2,100
Location: 38 - 4919 NC 50 S, KENANSVILLE NC 28349											
1	Building/Contents	WASTE SITE #7		1	1991	1	96	Replacement	44,200	2,100	
									Location Total:	44,200	2,100
Location: 39 - 4513 NC 41 S, KENANSVILLE NC 28349											
1	Building/Contents	WASTE SITE #8		1	1991	1	96	Replacement	42,400	2,100	
									Location Total:	42,400	2,100
Location: 40 - 1940 CORNWALLIS RD., KENANSVILLE NC 28349											
1	Building/Contents	WASTE SITE #9		1	1991	1	96	Replacement	42,400	2,100	
									Location Total:	42,400	2,100
Location: 41 - 897 SUMMERLINS CROSSROADS, KENANSVILLE NC 28349											
1	Building/Contents	WASTE SITE #10		1	1991	1	96	Replacement	44,200	2,100	
									Location Total:	44,200	2,100
Location: 42 - 800 NC 50 S, KENANSVILLE NC 28349											
1	Building/Contents	WASTE SITE #11		1	1991	1	96	Replacement	42,400	2,100	

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Bid ID#	Category	Occupancy	Department	ISO Class	Year Built	No. of Story	Square Footage	Valuation Basis	Insured Value	Content Value
<b>Location Total:</b>									<b>42,400</b>	<b>2,10</b>
<b>Location: 43 - 376 LANDFILL RD., KENANSVILLE NC 28349</b>										
1	Building/Contents	WASTE SITE #12		1	1991	1	96	Replacement	44,200	2,10
<b>Location Total:</b>									<b>44,200</b>	<b>2,10</b>
<b>Location: 44 - 114 FOUNTAINTOWN RD, KENANSVILLE NC 28349</b>										
1	Building/Contents	WASTE SITE #13		1	1991	1	96	Replacement	42,400	2,10
<b>Location Total:</b>									<b>42,400</b>	<b>2,10</b>
<b>Location: 45 - 319 VIRGINIA JOHNSON RD., KENANSVILLE NC 28349</b>										
1	Building/Contents	WASTE SITE #14		1	1993	1	96	Replacement	42,400	2,10
<b>Location Total:</b>									<b>42,400</b>	<b>2,10</b>
<b>Location: 46 - UNKNOWN, KENANSVILLE NC 28349</b>										
1	Building/Contents	WASTE SITE #15		1	1996	1	96	Replacement	42,400	2,10
<b>Location Total:</b>									<b>42,400</b>	<b>2,10</b>
<b>Location: 47 - S/S STATE RD. #1918, KENANSVILLE NC 28349</b>										
1	Building/Contents	WAREHOUSE		3	1992	1	15,000	Replacement	375,850	51,000
<b>Location Total:</b>									<b>375,850</b>	<b>51,000</b>
<b>Location: 48 - S/S STATE RD. #1918, KENANSVILLE NC 28349</b>										
1	Building/Contents	TRANSFER STATION		1	1993	1	100	Replacement	2,200	160,800
<b>Location Total:</b>									<b>2,200</b>	<b>160,800</b>
<b>Location: 49 - 260 AIRPORT RD, KENANSVILLE NC 28349</b>										
1	Building/Contents	TERMINAL BUILDING		1	1975	1	3,600	Replacement	381,012	40,000
2	Building/Contents	CORPORATE HANGAR #1		3	1990	1	10,000	Replacement	388,030	(
3	Building/Contents	CORPORATE HANGAR #2		3	1990	1	10,000	Replacement	389,100	(
4	Building/Contents	WELL HOUSE		1	1990	1	144	Replacement	9,910	24,000
5	Building/Contents	"T" HANGAR #1		3	1975	1	6,990	Replacement	264,470	(
6	Building/Contents	"T" HANGAR #2		3	1975	1	6,990	Replacement	264,470	(
7	Building/Contents	LOCALIZER BUILDING		1	1986	1	67	Replacement	1,525	18,500
8	Building/Contents	ELECTRICAL VAULT		6	1990	1	240	Replacement	12,540	12,600
9	Building/Contents	LOCALIZER BUILDING		1	1990	1	48	Replacement	1,400	4,500
<b>Location Total:</b>									<b>1,692,457</b>	<b>99,600</b>

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Bld ID#	Category	Occupancy	Department	ISO Class	Year Built	No. of Story	Square Footage	Valuation Basis	Insured Value	Center Valu
<b>Location: 50 - PENNY BRANCH ROAD, KENANSVILLE NC 28349</b>										
1	Building/Contents	WELL HOUSE		2	1999	1	399	Replacement	69,400	24,500
2	Building/Contents	WATER TANK		3	1999	1	0	Replacement	546,500	
<b>Location Total:</b>									<b>615,900</b>	<b>24,500</b>
<b>Location: 51 - MURPHY'S STORE ROAD, KENANSVILLE NC 28349</b>										
1	Building/Contents	WELL HOUSE		2	1998	1	399	Replacement	70,600	28,300
<b>Location Total:</b>									<b>70,600</b>	<b>28,300</b>
<b>Location: 52 - HIGHWAY 111, KENANSVILLE NC 28349</b>										
1	Building/Contents	WELL HOUSE		2	1997	1	399	Replacement	69,600	28,300
2	Building/Contents	WATER TANK		3	1997	1	0	Replacement	546,500	
<b>Location Total:</b>									<b>616,100</b>	<b>28,300</b>
<b>Location: 53 - WARREN ROAD, KENANSVILLE NC 28349</b>										
1	Building/Contents	WELL HOUSE		2	1991	0	176	Replacement	27,900	15,600
<b>Location Total:</b>									<b>27,900</b>	<b>15,600</b>
<b>Location: 54 - SOUTH WILLIAMS ROAD, KENANSVILLE NC 28349</b>										
1	Building/Contents	BOOSTER PUMP BUILDING		2	2002	1	620	Replacement	105,100	25,900
<b>Location Total:</b>									<b>105,100</b>	<b>25,900</b>
<b>Location: 55 - SARECTA ROAD, KENANSVILLE NC 28349</b>										
1	Building/Contents	BOOSTER PUMP BUILDING		2	1997	1	620	Replacement	95,900	30,900
<b>Location Total:</b>									<b>95,900</b>	<b>30,900</b>
<b>Location: 56 - SARECTA ROAD, KENANSVILLE NC 28349</b>										
1	Building/Contents	CONTROL BUILDING		2	2002	1	100	Replacement	27,700	30,300
2	Building/Contents	WATER TANK		3	2003	1	0	Replacement	546,500	0
<b>Location Total:</b>									<b>574,200</b>	<b>30,300</b>
<b>Location: 57 - BLIZZARDTOWN ROAD, KENANSVILLE NC 28349</b>										
1	Building/Contents	WELL HOUSE		2	1995	1	399	Replacement	70,200	28,300
<b>Location Total:</b>									<b>70,200</b>	<b>28,300</b>
<b>Location: 58 - 2600 SARECTA ROAD, KENANSVILLE NC 28349</b>										
1	Building/Contents	WELL HOUSE		2	1997	1	399	Replacement	71,000	25,300

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Bld ID#	Category	Occupancy	Department	ISO Class	Year Built	No. of Story	Square Footage	Valuation Basis	Insured Value	Content Value
<b>Location Total:</b>									71,000	25,300
<b>Location: 59 - WILLIAMSON ROAD, KENANSVILLE NC 28349</b>										
1	Building/Contents	WELL HOUSE		2	1997	1	399	Replacement	76,600	25,000
2	Building/Contents	WATER TANK		3	1997	1	0	Replacement	257,440	
<b>Location Total:</b>									334,040	25,000
<b>Location: 60 - UNKNOWN, KENANSVILLE NC 28349</b>										
1	Building/Contents	WELL HOUSE # 2		2	1997	1	399	Replacement	65,600	24,000
<b>Location Total:</b>									65,600	24,000
<b>Location: 61 - 1004 SUMMERLIN CROSSROADS, KENANSVILLE NC 28349</b>										
1	Building/Contents	CONTROL BUILDING		2	1997	1	144	Replacement	32,400	24,000
2	Building/Contents	WATER TANK		3	1997	1	0	Replacement	447,000	
<b>Location Total:</b>									479,400	24,000
<b>Location: 62 - SHEEP PASTURE ROAD, KENANSVILLE NC 28349</b>										
1	Building/Contents	BOOSTER PUMP HOUSE		2	2003	1	630	Replacement	101,700	105,100
<b>Location Total:</b>									101,700	105,100
<b>Location: 63 - Various, NC 28349</b>										
1	Business Income/Extra					0	0	Replacement	258,000	
2	Valuable Papers/Records					0	0	Replacement	150,000	
<b>Location Total:</b>									408,000	
<b>Grand Total:</b>									25,610,422	6,775,900

ROAD PROPERTY & LIABILITY INSURANCE POLICY  
 PROPERTY SCHEDULE: INLAND MARINE  
 2003-2004 FUND YEAR  
 ENTITY : Duplin County STATE: NC

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Premium and Limits of Insurance shown on the applicable Inland Marine Declarations are based on the following schedule and the reported values indicated. Any changes or corrections may require adjustments in premiums.  
 The limitations for unreported acquisitions will be in accordance with the Coverage Form provisions.

Seq ID#	I.D.	Year	# Item	Make	Type	Description	Department	Reported Value
<b>CATEGORY: Communication Towers</b>								
1			0					833,571
							<b>Category subtotal:</b>	<b>833,571</b>
<b>CATEGORY: Fine Arts</b>								
2			0					150,000
							<b>Category subtotal:</b>	<b>150,000</b>
<b>CATEGORY: Miscellaneous Inland Marine</b>								
3			0			MEDICAL EQUIPMENT		53,163
4			0			VARIOUS		984,455
							<b>Category subtotal:</b>	<b>1,037,618</b>
<b>CATEGORY: Mobile Equipment</b>								
5			0					770,688
							<b>Category subtotal:</b>	<b>770,688</b>
<b>CATEGORY: Voting Machines</b>								
6			0					78,358
							<b>Category subtotal:</b>	<b>78,358</b>
							<b>Total:</b>	<b>2,870,235</b>

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**Coverage Extensions:**

<b>Builders' Risk (Newly Constructed Property)</b> <i>(Locations requiring higher limits must be scheduled)</i>	Up to \$500,000 each location
<b>Consequential Loss</b>	\$1,500,000 each occurrence
<b>Cost of Extinguishing Landfill Fires</b>	\$250,000 annual aggregate
<b>Media Reproduction</b> <i>(Proof is required at time of loss of off-premises storage of backup media)</i>	\$250,000 each occurrence
<b>Mold</b>	\$100,000 annual aggregate
<b>Miscellaneous Unnamed Property</b>	\$250,000 each occurrence
<b>Newly Acquired Locations (Buildings and Personal Property)</b> <i>(Locations requiring higher limits must be scheduled)</i>	Up to \$500,000 each location
<b>Newly Acquired Property (Other than Buildings)</b>	Up to \$500,000 each
<b>Outdoor Unscheduled Property</b>	\$25,000 each occurrence
<b>Personal Property of Others in the Participant's Care, Custody or Control</b>	\$100,000 each occurrence
<b>Pollutant Cleanup and Removal</b>	\$25,000 each occurrence
<b>Sewer Backup</b>	\$10,000 each occurrence \$25,000 annual aggregate
<b>Terrorism</b>	\$100,000 annual aggregate
<b>Transit</b>	\$1,500,000 each occurrence
<b>Watercraft (less than 26' in length)</b>	Up to \$500,000 each

For details regarding property reinsurance, see General Provisions Section, D. Reinsurance.

**- SECTION I -**

**PROPERTY COVERAGE**

**A. Territory.**

This Section I (Property) of this Contract covers within the fifty (50) states comprising the United States of America and the District of Columbia.

**B. Definition of Occurrence in Section I (Property).**

The word "Occurrence" in Section I (Property) means an accident, incident, or a series of accidents or incidents arising out of one single event or originating cause and includes all resultant or concomitant losses wherever located.

**C. Deductibles.**

The Fund will adjust all losses, damages, or expenses arising out of any Occurrence as one loss. The Fund will deduct the amount shown on the Property Contract Declarations Page, Deductibles from each adjusted loss.

**D. Coverage Agreement.**

1. Real and Personal Property.

This Section I (Property) of this Contract covers the Participant's interest in:

- a. real and personal property owned by the Participant and improvements and betterments in buildings not owned by the Participant; and
- b. real and personal property of others in the Participant's care, custody, or control, and the Participant's liability imposed by law or assumed by written contract prior to loss.

2. Extensions of Coverage applicable to Real and Personal Property.

a. Consequential Loss.

This Section I (Property) of this Contract covers for the amount shown in the Section I Property Contract Declarations - Fund Limits of Liability, against consequential loss to covered property caused by a change of temperature resulting from total or partial destruction by a covered part of heating, air conditioning, refrigerating, or cooling apparatus, connection or supply pipes thereof, if within one thousand five hundred (1500) feet of premises owned, leased, or operated by the Participant.

b. Newly Acquired Locations.

This Section I (Property) of this Contract automatically covers until expiration for the amount shown in the Contract Declarations of this Section I (Property) the interests of the Participant in newly acquired or erected (including while in the course of construction) locations acquired or erected after the Effective Date of the Contract. The Participant will schedule all locations with total Replacement Cost Values greater than \$500,000 within one hundred eighty (180) days of acquisition or date of completion. The Fund will make additional charges based on these values and appropriate rates for these exposures effective on the date of acquisition or completion. However, no additional charges will be made for locations acquired where total

values do not exceed \$500,000.

c. Fire Brigade Charges and Extinguishing Expenses.

The Fund will pay when Participant's property is damaged or destroyed by a covered peril:

- (1) for fire brigade charges and other extinguishing expenses for which the Participant may be assessed;
- (2) for loss of fire extinguishing materials expended; and
- (3) for the cost to extinguish fires at owned and operated "landfills".

d. Debris Removal.

The Fund will pay the expenses to remove debris of covered property damaged or destroyed by a covered peril from premises covered during the term of the Contract. The total liability under this Section I (Property) of this Contract for removal of debris shall not exceed 25% of the scheduled building value. However, the Fund shall not be liable for more than the proportion of such debris removal expense as the amount of coverage under this Section I (Property) of this Contract bears to the total amount of coverage on the property covered, whether or not all such coverage includes this clause, or is collectible or not.

The Fund will not pay the expense to:

- (1) extract contaminants or pollutants from the debris; or
- (2) extract contaminants or pollutants from air, or
- (3) remove, restore, or replace contaminated or polluted air, land, or water; or
- (4) remove or transport any property or debris to a site for storage or decontamination required because the property or debris is affected by pollutants or contaminants, whether or not such removal, transport, or decontamination is required by law or regulation.

The Fund will pay the expenses to remove, replace, or transport spillage of covered property. However, the Fund will not pay for debris removal or clean up operations of any petroleum or chemical products from any stream, river, lake, or other waterway.

The Fund will not pay for debris removal occasioned by the enforcement of any state or municipal law or ordinance which necessitates the demolition of any portion of covered property which has or has not suffered damage by any of the perils covered against.

It is a condition precedent to recovery under this subsection (d) (Debris Removal) that the Fund shall have paid or agreed to pay for direct physical loss or damage to the property covered hereunder and that the Participant shall give written notice to the Fund of intent to claim for cost of removal of debris or cost to clean up not later than twelve (12) months after the date of such physical loss or damage.

e. Pollutant Clean Up or Removal

This Section I (Property) of this Contract covers the costs the Participant incurs to clean-up or remove pollutants from land or water at the premises shown in the Declarations if the discharge, dispersal, seepage, migration, release, or escape of the pollutant is caused by or results from a peril not otherwise excluded.



The costs will be paid only if they are reported to the Fund in writing within 180 days of the date the peril occurred which caused or resulted in the discharge, dispersal, seepage, migration, release or escape of the pollutants.

The Limit of Insurance for Pollutant Clean Up or Removal is \$25,000. That is the most the Fund will pay at the premises for the sum of all such covered costs caused by or resulting from perils not otherwise excluded that occur during each separate 12 month policy period, regardless of whether this Additional Coverage appears in any other contract or contracts that form part of this policy.

The Fund will not pay for the costs to test for, monitor, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of pollutants, other than payment for testing which is performed during the clean-up or removal of the pollutants from the land or water.

f. Outdoor Property

The Fund will extend coverage to apply to the Participant's unscheduled outdoor fences, radio and television antennas, signs (other than signs attached to buildings), trees, shrubs and plants, (other than "stock" of trees shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft
- (6) Wind

The most the Fund will pay for loss or damage under this Extension is \$25,000, but not more than \$1,000 for any one tree, shrub or plant.

This Extension is additional insurance.

3. Accounts Receivable

This Section I (Property) of this Contract covers Accounts Receivable due the Participant from customers provided the Participant is unable to effect collection thereof as a result of direct physical loss or damage to records of Accounts Receivable by a covered peril. When there is proof that a loss to records of Accounts Receivable has occurred but the Participant cannot more accurately establish the total amount of Accounts Receivable outstanding as of the date of such loss, such amount will be computed as follows:

- a. the monthly average of Accounts Receivable during the last available twelve months, together with collection expenses in excess of normal collection costs and made necessary because of such loss or damage and reasonable expenses occurred in re-establishing records of Accounts Receivable following such loss or damage, will be adjusted in accordance with the percentage increased or decreased in the twelve months average of monthly gross revenues which may have occurred in the interim; and

- b. the monthly amount of Accounts Receivable thus established will be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred. Due consideration will be given to the normal fluctuations in the amount of Accounts Receivable within the fiscal month involved.

There will be deducted from the total amount of Accounts Receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Participant, and an amount to allow for probable bad debts which would normally have been uncollectible by the Participant.

#### 4. Valuable Papers and Records

This Section I (Property) of this Contract covers Valuable Papers and Records as a result of direct physical loss or damage by a covered peril. "Valuable Papers and Records" means written, printed, or otherwise inscribed documents and records, including but not limited to, books, manuscripts, tapes, discs, drums, cells, or other data processing, recording or storage media, but does not include money or securities.

#### 5. Transit

- a. This Section I (Property) of this Contract covers direct physical loss or damage to property by a covered peril during or in Transit:

- (1) sold and shipped by the Participant under terms of free on board (F.O.B.) (as defined in the Uniform Commercial Code adopted in the State of North Carolina) point of origin or other terms usually regarded as terminating the shipper's responsibility short of points of delivery;
- (2) arising out of any unauthorized person representing himself to be the proper party to receive goods for shipment or to accept goods for delivery; or
- (3) occasioned by the acceptance by the Participant or its agent of fraudulent bills of lading, shipping and delivery orders, or similar documents;

- b. but as respects this Transit coverage:

- (1) the Participant may waive rights of recovery against private and contract carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this Transit coverage will not inure to the benefit of any carrier, bailee, warehouseman, or processor;
- (2) the Fund agrees to waive its rights of subrogation against consignees at the option of the Participant for shipments made under F.O.B. or similar terms;
- (3) the Participant is not to be prejudiced by any agreements exempting lightermen from liability; and
- (4) seaworthiness of any vessel or craft is admitted between the Fund and the Participant.

- c. Transit means all shipments within and between the territory of this Section I (Property) of this Contract including coastal waters thereof, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage on any conveyance intended for use for any outbound or used for any inbound shipment; including during deviation and delay; until safely delivered into place of final destination.

#### 6. Sewer Back-Up

This Section I (Property) of this Contract covers loss from water which backs up through sewers or drains which are below ground level; or resulting from, contributed to or aggravated by any of the foregoing, unless loss by a peril not excluded elsewhere in this policy ensues and then the Fund shall be liable only for such ensuing loss; The most the Fund will pay under this coverage provision is \$10,000 per occurrence, \$25,000 annual aggregate.

7. Canine and Horse Mortality

a. This Section I (Property) of this Contract covers law enforcement dogs and horses against death or loss of law enforcement use which results, directly or indirectly from accident.

b. Exclusions Applicable to Canine and Horse Mortality

The Fund will not cover any loss resulting directly or indirectly from:

- (1) use of any dog or horse in pari-mutuel racing; or any gaming activity;
- (2) administration of drugs, medication or inoculation, unless:
  - (a) required because of accident; and
  - (b) administered by or at the direction of a licensed veterinarian;
- (3) mysterious disappearance or escape;
- (4) intentional slaughter, however this exclusion will not be used as a defense if the Fund agrees to the destruction of the animal;
- (5) malicious, willful or intentional acts or omissions, or misrepresentations by:
  - (a) the Participant;
  - (b) the Participant's agents, employees or bailees;
- (6) nuclear reaction, radiation, or radioactive contamination;
- (7) confiscation, nationalization or requisition;
- (8) destruction (as a result of a government order) due to exposure to or contraction of any communicable disease;
- (9) war declared or undeclared, civil war, insurrection, rebellion;
- (10) revolution, military acts of aggression, any use for a military purpose;
- (11) voluntary parting with the title or possession of an animal because of:
  - (a) fraud;
  - (b) trick; or
  - (c) false pretense;
- (12) an animal boarded outside the United States and then returned to United States within the last 6 months.

8. Newly Constructed Property

a. This Section I (Property) of this Contract covers direct physical loss of or damage to the

Participant's new buildings while being built on "covered premises." Covered Premises being premises owned, leased or operated by the Participant.

b. This coverage:

(1) Begins when construction is started and it ends when any of the following first occurs:

(a) this contract expires;

(b) 180 days expire after construction begins;  
or

(c) the Participant report values to us.

(2) Does not apply to property at any fair, trade show, exhibition, or exposition.

(3) Applies only if the loss or damage is caused by or results from a Covered Cause of Loss.

The Fund may charge the Participant an additional contribution for this coverage based on values reported from the date construction begins. The most the Fund will pay for loss or damage under this coverage is \$500,000 per occurrence, unless higher values have been previously reported and a contribution paid for the full value

**E. Business Income, Extra Expense, Rental Income**

1. Business Income

a. This Section I (Property) of this Contract covers actual loss of Business Income sustained from necessary interruption of business conducted by the Participant. The interruption must be caused by direct physical loss or damage by a covered peril during the term of this Contract to property covered in Section I (Property) D (Coverage Agreement) 1, Real Property, Personal Property, Electronic Data Processing Equipment and Media, and Communication Towers. For the purposes of Business Income, property is real property, personal property and communication towers, (excluding valuable papers and records, accounts receivable, mobile equipment, fine arts, computer hardware or computer software).

b. "Business Income" means:

(1) net income (net profit or its equivalent) which would have been earned or incurred; and

(2) any continuing normal operating expenses, including ordinary payroll, incurred.

(3) Only those losses from real and personal property, electronic data processing equipment and media, and communication towers (excluding valuable papers and records, accounts receivable, mobile equipment, fine arts).

c. If the Participant could reduce the Business Income loss by a complete or partial resumption of operations:

(1) by using damaged or undamaged property covered; or

(2) by making use of available stock, merchandise, or other property; or

(3) by using substitute facilities,

the Fund will deduct such reduction from the amount of the Business Income loss.

d. The Fund will consider in the determination of any net income and continuing normal operations expense loss:

- (1) the experience of the operation before the date of the occurrence of the direct physical loss or damage and the probable experience of the operation had no loss occurred;
- (2) as respects alterations, additions, and property while in the course of construction, erection, installation, or assembly, the available experience of the operation after completion of construction, erection, installation, or assembly.

2. Extra Expense

- a. This Section I (Property) of this Contract covers Extra Expense incurred caused by direct physical loss or damage by a covered peril during the term of this Contract to real property covered in Section I (Property) D (Coverage Agreement) 1 (Real Property and Personal Property). For the purposes of Business Income, property is real property, personal property, electronic data processing equipment and media, and communication towers, (excluding valuable papers and records, accounts receivable, mobile equipment, fine arts).
- b. "Extra Expense" means the expense incurred during the Period of Recovery that would not have incurred, if there had been no direct physical loss or damage to property covered (excluding valuable papers and records, accounts receivable, mobile equipment, fine arts).

3. Rental Income

- a. This Section I (Property) of this Contract covers actual loss of rental income sustained by the Participant when the property covered hereunder is rendered wholly or partially untenable as a result of direct physical loss or damage by a covered peril during the term of this Contract to property covered under Section I (Property) D (Coverage Agreement) 1 (Real Property and Personal Property). For the purposes of Business Income, property is real property, personal property and communication towers, (excluding valuable papers and records, accounts receivable, mobile equipment, fine arts, computer hardware or computer software).
- b. "Rental Income" means:
  - (1) the fair rental value of any portion of the property occupied by the Participant;
  - (2) income reasonably expected from rentals of unoccupied or not rented portions of such property;
  - (3) the rental income from the rented portions of such property, according to bona fide leases, contracts, or agreements in force at the time of loss; and
  - (4) continuing charges and expenses necessarily incurred in reducing loss under the contract for an amount not by which the loss is reduced (excluding valuable papers and records, accounts receivable, mobile equipment, fine arts, computer hardware or computer software).
- c. Experience of the Operation

The Fund will consider in the determination of any Rental Income loss: rental conditions for the date of the Occurrence of the direct physical loss or damage and the probable rental experience had no loss occurred.

4. Extensions of Coverage Applicable to Business Income, Extra Expense and Rental Income

- a. This Section I (Property) of this Contract covers Business Income, Extra Expense, and Rental Income for a period of thirty (30) consecutive days as a result of direct physical loss or damage by a covered peril during the term of this Contract to the following property:

- (1) electrical, steam, gas, water, telephone, and other transmission lines and related plants, substations, and equipment situated on or within one thousand five hundred (1500) feet outside of the covered premises;
- (2) any property located within one thousand five hundred (1500) feet of the covered premises thereby preventing ingress to or egress from the Participant's premises; and
- (3) any property located within one thousand five hundred (1500) feet of the Participant's premises when access to the Participant's premises is prohibited by order of civil or military authority.

5. Provisions Applicable to Business Income and Extra Expense

a. Period of Recovery

"Period of Recovery" means the length of time which:

- (1) commences with the date of direct physical loss or damage by a covered peril and is not limited by the expiration date of this Contract;
- (2) if there is direct physical loss or damage to alterations, additions and property while in the course of construction, erection, installation, or assembly which delays the start of the operations, the Period of Recovery commences with the date operations would have begun if the direct physical loss or damage had not occurred;
- (3) terminates on the date when the damaged or destroyed property should have been replaced or replaced with reasonable speed and similar quality; and
- (4) if the Participant has not reached the planned level of production or the planned level of operations, which participant would have reached, had no loss occurred, extends thirty (30) consecutive days beyond the date the damaged or destroyed property is actually repaired, rebuilt, or replaced.

6. Special Exclusions

The Fund will not pay for:

- a. any loss resulting from damage to or destruction of Finished Stock nor the time required to reproduce said Finished Stock. "Finished Stock" means stock manufactured by the Participant which in the ordinary course of the Participant's operation is ready for packing, shipment, or sale; this exclusion does not apply to Extra Expense;
- b. any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any lease, license, contract, or order;
- c. any increase of loss due to interference at the Participant's premises by strikers or other persons with rebuilding, repairing, or replacing the property damaged or destroyed or with the resumption of continuation of business, or with the reoccupancy of the premises; or

3. Expense to Reduce Loss.

The Fund will pay such expenses as are necessarily incurred for the purpose of reducing any Business Income loss under this Contract, but in no event will the aggregate of such expense exceed the amount by which the loss otherwise payable under this Contract is thereby reduced.

F. Property Excluded.

This Section I (Property) of this Contract excludes:

1. aircraft, spacecraft, satellites, mining equipment, rolling stock, any vehicle licensed for highway use, and watercraft over 26 feet;
2. animals, except law enforcement dogs and horses specifically scheduled as provided in this section;
3. brick, stone, or concrete foundations, piers, or other supports which are below the undersurface of the lowest basement floor of each building or section, or when there is no basement, which are below the surface of the ground;
4. bridges, roadways, walks, paving, dikes, and retaining walls outside of and not forming a part of any building;
5. cost of excavations, grading, backfilling, or filling;
6. docks, piers, and wharves unless the total value of each is less than \$15,000 and is included in the property schedule;
7. electrical, gas, steam, water, telephone, and other transmission lines related plants, substations, and equipment located beyond one thousand five hundred (1500) feet from the covered premises;
8. furs, jewelry, jewels, pearls, precious, or semi-precious stones, gold, silver, platinum, or other precious alloys;
9. land, water, growing crops, lawns, standing timber, and coal mines, including property contained therein;
10. Participant's interest in property of which the Participant is a joint owner with other parties (known as a Joint Venture Property) unless declared as such by the Participant to the Third Party Administrator in the appropriate form;
11. dams constructed of any materials;
12. money and securities;
13. nuclear fuel or waste, raw material for nuclear fuel, and yellowcake;
14. oil and gas drilling rigs and production platforms including personal property located thereon;
15. real and personal property situated on any nuclear reactor power plant site;
16. property sold by the Participant under conditional sale, trust agreement, installment payment, or other deferred payment plan, after delivery to customers;
17.
  - a. shipments by mail or parcel post;
  - b. shipments to and from Alaska or Hawaii; and
  - c. export shipments after loading on board an overseas vessel or after ocean marine insurance attaches, whichever occurs first, and import shipments until they have been discharged from the overseas vessel or until the ocean marine insurance terminates, whichever occurs last, all subject to this Contract's territory;
18. underground caverns, tanks, wells, piping, mains, sewers, and drains, including personal property therein; and
19. property located in the 100 year flood zone as designated by the Federal Emergency Management Agency, or any successor thereto, only as respects coverage for the peril of Flood.
20. landfills, including landfill liners, except as provided under Section D., 2., c., 3. Fire Brigade

1. aircraft, spacecraft, satellites, mining equipment, rolling stock, any vehicle licensed for highway use, and watercraft over 26 feet;
2. animals, except law enforcement dogs and horses specifically scheduled as provided in this section;
3. brick, stone, or concrete foundations, piers, or other supports which are below the undersurface of the lowest basement floor of each building or section, or when there is no basement, which are below the surface of the ground;
4. bridges, roadways, walks, paving, dikes, and retaining walls outside of and not forming a part of any building;
5. cost of excavations, grading, backfilling, or filling;
6. docks, piers, and wharves unless the total value of each is less than \$15,000 and is included in the property schedule;
7. electrical, gas, steam, water, telephone, and other transmission lines related plants, substations, and equipment located beyond one thousand five hundred (1500) feet from the covered premises;
8. furs, jewelry, jewels, pearls, precious, or semi-precious stones, gold, silver, platinum, or other precious alloys;
9. land, water, growing crops, lawns, standing timber, and coal mines, including property contained therein;
10. Participant's interest in property of which the Participant is a joint owner with other parties (known as a Joint Venture Property) unless declared as such by the Participant to the Third Party Administrator in the appropriate form;
11. dams constructed of any materials;
12. money and securities;
13. nuclear fuel or waste, raw material for nuclear fuel, and yellowcake;
14. oil and gas drilling rigs and production platforms including personal property located thereon;
15. real and personal property situated on any nuclear reactor power plant site;
16. property sold by the Participant under conditional sale, trust agreement, installment payment, or other deferred payment plan, after delivery to customers;
17.
  - a. shipments by mail or parcel post;
  - b. shipments to and from Alaska or Hawaii; and
  - c. export shipments after loading on board an overseas vessel or after ocean marine insurance attaches, whichever occurs first, and import shipments until they have been discharged from the overseas vessel or until the ocean marine insurance terminates, whichever occurs last, all subject to this Contract's territory;
18. underground caverns, tanks, wells, piping, mains, sewers, and drains, including personal property therein; and
19. property located in the 100 year flood zone as designated by the Federal Emergency Management Agency, or any successor thereto, only as respects coverage for the peril of Flood.
20. landfills, including landfill liners, except as provided under Section D., 2., c., 3. Fire Brigade



## Charges and Extinguishing Expenses.

### G. Perils covered.

This Contract covers against risks of direct physical loss or damage to property covered, including general average, salvage and all other charges on shipments covered hereunder except as excluded.

### H. Perils not covered.

This Section I (Property) does not cover loss or damage caused directly or indirectly by any peril excluded. Such loss or damage is excluded whether contributed to, in whole or in part, by any excluded peril. Excluded perils are as follows:

1. hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending, or expected attack:
  - a. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval, or air forces; or
  - b. by military, naval, or air forces; or
  - c. by an agent of any such government, power, authority, or forces; it being understood that any discharge, explosion, or use of any weapon of war employing nuclear fission or fusion will be conclusively presumed to be such a hostile or warlike action by such government, power, authority, or force;
2. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an occurrence;
3. seizure or destruction by order of public authority, except destruction by order of public authority to prevent spread of fire or explosion;
4. risks of contraband or illegal trade;
5. nuclear reaction or radiation or radioactive contamination, however caused; if fire ensues, liability is specifically assumed for direct physical loss or damage by such ensuing fire but not including any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination;
6. dishonest act or omission by the Participant, or of any associate, agent, or employee of the Participant whether acting alone or in collusion with others;
7. unexplained disappearance, shortage, or other loss discovered upon taking inventory;
8. voluntary parting with any property by the Participant or any other party to whom the Participant has entrusted the property if induced to do so by any fraudulent scheme, trick, device, or false pretense, except under subparagraphs (2) and (3) of Section I (Property) D (Coverage Agreement) 5 (Transit) a;
9. contamination and pollution exclusion:

loss or damage caused by, resulting from, contributed to or made worse by actual, alleged, or threatened release, discharge, escape, or dispersal of Contaminants or Pollutants (as defined below), whether in whole or in part caused by, contributed to, or aggravated by any physical damage covered by this Contract.

Nevertheless, if fire is not excluded from this Contract and a fire arises directly or indirectly from seepage or contamination or pollution, any loss or damage covered under this Contract arising directly from that fire is covered, subject to the provisions of this Contract.

"Contaminants" or "Pollutants" means any material which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss or

value, marketability, or loss of use to property covered hereunder, including, but not limited to, bacteria, fungi, virus, or hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act, or as designated by the U.S. Environmental Protection Agency.

This exclusion shall not apply when loss or damage is directly caused by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm, hail, vandalism, or malicious mischief. This exclusion shall also not apply when loss or damage is directly caused by leakage or accidental discharge from automatic fire protective systems.

10. corrosion, decay, deterioration, erosion, evaporation, inherent vice, latent defect, leakage, loss of weight, marring or scratching, rust, shrinkage, wear and tear, wet or dry rot, or any quality in property which causes it to damage or destroy itself;
11. dampness or dryness of atmosphere;
12. electrical injury or disturbance caused by electrical currents artificially generated; however, this clause shall not apply to electronic data processing media, equipment, or related Extra Expense;
13. insects, birds, rodents, or other animals;
14. mechanical breakdown, including rupture or bursting caused by centrifugal force; however, this clause shall not apply to electronic data processing media, equipment, or related Extra Expense;
15. normal settling, cracking, expansion, or contraction in foundation, walls, floor, or ceilings;
16. water under the ground surface which presses on or flows or seeps through foundation, walls, floors, paved surfaces, basement, doors, windows, or other openings;

Only as respects to exclusions 9 through 16 inclusive, such exclusions apply unless direct physical loss or damage by a peril covered ensues and then this Section I (Property) of this Contract will cover for such ensuing loss or damage.

17. delay, loss of use, or loss of market, or other consequential loss unless specifically covered in this Contract;
18. explosion, rupture, or bursting of steam boilers, steam pipes, steam turbines or steam engines owned, leased, or operated under the Participant's control. But, if direct physical loss or damage by fire or combustion explosion ensues, this Contract will cover for such ensuing loss or damage. This Contract will also cover direct physical loss or damage caused by or resulting from 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;
19. a. error, omission, or deficiency in designs, plans, or specifications; and  
b. faulty and/or defective workmanship, materials, or supplies, unless direct physical loss or damage by a peril covered ensues and then this Contract will cover for such ensuing loss or damage;
20. rain, snow, ice, or sleet to personal property in the open;
21. with respect to property while in the course of construction, penalties for non-completion or delay in completion of contract or non-compliance with contract conditions;
22. asbestos materials:
  - a. asbestos material removal unless the asbestos is itself damaged by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, or leakage or accidental discharge from automatic fire protective systems;
  - b. demolition or increased cost of reconstruction, repair, debris removal, or loss of use

necessitated by the enforcement of any law ordinance regulating asbestos material; and

- c. any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the Participant's property can no longer be used for the purpose for which it was intended when installed and must be removed or modified; and

**23. Mold**

We will not pay for loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

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

This exclusion does not apply when "fungus," wet or dry rot or bacteria results from fire or lightning.

"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.

"Specified Cause 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.

This exclusion does not apply unless the total loss or damage within the Contract Period specified in the Property Contract Declarations exceeds \$100,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrence which take place during the Contract Period. Any coverage provided in this section does not increase the applicable Limit on any Covered Property.

The Fund will deduct the amount shown on the Property Contract Declarations Page, Deductibles from each adjusted loss.

**24. Terrorism:**

- a. We will not pay for loss or damage caused directly or indirectly by terrorism, including action in hindering or defending against an actual or expected incident of terrorism. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Terrorism means activities against persons, organizations or property of any nature:

1. That involves the following or preparation for the following:

- a) Use or threat of force or violence; or
- b) Commission or threat of a dangerous act; or
- c) Commission or threat of an act that interferes with or disrupts an electronic, communication, information or mechanical system; and

2. When one or both of the following applies:

- a) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
- b) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

- b. Regardless of the amount of damage and losses, in addition to items 1. And 2. Above, this Terrorism Exclusion also applies to any incident of terrorism:

1. That involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
2. That is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
3. In which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

In the event of an incident of terrorism that involves nuclear reaction or radiation, or radioactive contamination, this Terrorism Exclusion supersedes any Nuclear Hazard Exclusion.

c. **ADDITIONAL COVERAGE – Limited Coverage for Terrorism**

Under a. only above, this Exclusion does not apply unless the total loss or damage within the Contract Period specified in the Property Contract Declarations exceeds \$100,000. . Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrence which take place during the Contract Period. Any coverage provided in this section does not increase the applicable Limit on any Covered Property.

The Fund will deduct the amount shown on the Property Contract Declarations Page, Deductibles from each adjusted loss.

25. **authorities exclusion:**

Notwithstanding any of the provisions of this Contract, the Fund shall not be liable for loss, damage, costs, expenses, fines, or penalties incurred or sustained by or imposed on the Participant at the order of any government agency, court, or other authority arising from any cause whatsoever.

**I. Earthquake and Flood**

1. Each loss by Earthquake, Flood, cyclone, tornado, hurricane, windstorm, or hail will constitute a single loss Occurrence:

If more than one Earthquake, cyclone, tornado, hurricane, windstorm or hail occurs within any period of 72 hours during the term of this Contract, the Participant may elect the moment when the 72 hour period will begin.

The Fund will not be liable for any loss caused by any Earthquake or Flood beginning before the Effective Date, nor for any loss occurring after the Expiration Date.

"Earthquake" means land movement due to seismic activity.

"Flood" means rising water, surface water, waves, tidal water, tidal wave, tsunami, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not.

2. In the event of a difference of opinion between the Participant and the Fund as to whether or not losses sustained by the Participant during an elected period of seventy-two (72) hours arose out of or directly resulted from a single atmospheric disturbance or condition, the stated opinion of the United States Weather Bureau, or successor thereto, shall govern as to whether or not a single atmospheric disturbance or condition continued throughout the period at the locations involved. If the United States Weather Bureau should declare that one single atmospheric disturbance had continued at the locations involved beyond the elected period of seventy-two (72) hours, all losses sustained during such extended period shall be included as a single loss Occurrence.

**J. Valuation**

At the time of loss, the basis of valuation unless otherwise endorsed herein shall be as follows:

1. **Real and Personal Property (including Computer Software, Telephone Systems, Voting Machines, Mobile Radios and Property in the Open):** the Replacement Cost, if actually replaced, if not so replaced, the Actual Cash Value; however, if the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage, then Actual Cash Value will be used, whether or not the property is replaced. However, if the Participant has submitted documentation of the Participant's Board of Commissioners' approval to occupy the building, then Functional Replacement Cost based on the occupancy intended by the Participant's Board of Commissioners will be the basis of valuation.
2. **Communication Towers:** Replacement Cost if so reported and actually replaced, otherwise Actual Cash Value.
3. **a. raw stock, supplies and other merchandise not manufactured by the Participant:** the Replacement Cost;  
**b. stock in process:** the value of the raw stock and labor expended, plus the proper proportion of overhead charges; and  
**c. finished stock:** the regular cash selling price, less all discounts and charges to which such finished stock would have been subject had no loss occurred;
4. **improvements and betterments and office contents:** the Replacement Cost if actually replaced, if not so replaced, the Actual Cash Value;
5. **electronic data processing systems and equipment (computer hardware):**
  - a. **owned:** the Functional Replacement Cost, if actually replaced, of the existing equipment or similar equipment performing the same functions, if not so replaced then the Actual Cash Value; and
  - b. **leased:** the amount of the Participant's liability imposed by law or assumed by written contract;
6. **fine arts:** the appraisal value or in the absence of such appraisal the fair market value at time of loss;
7. **patterns, molds, and dies:** the Replacement Cost if Replacement Cost values have been reported to the Fund and if actually replaced; otherwise, at Actual Cash Value;
8. **exhibitions and displays:** the cost to the Participant;
9. **Valuable Papers and Records:** the cost to repair or replace the property with other of like kind and quality including the cost of gathering and/or assembling information; or if not replaced, the cost of blank material and transcribing for books of account, manuscripts, abstracts, drawings, card index systems, and other records; and the cost of unexposed or blank electronic data processing films, tapes, discs, drums, cells, and other magnetic or storage media;
10. **property in transit:** the actual net invoice cost together with such costs and charges as may have accrued or become legally due since shipment, but in the absence of an invoice the market value of the property at the point of destination on the day of actual loss;
11. **buildings over 50 years old and over \$1,000,000 in value:** the Actual Cash Value subject to the reported value, unless an appraisal has been received by the Fund and a contribution charged on appraised value and then Replacement Cost;
12. **machinery and equipment:** Replacement Cost, if so reported and if actually replaced, otherwise the Actual Cash Value;

13. mobile equipment: Replacement Cost, if so reported and if actually replaced, otherwise the Actual Cash Value; and

values will be reported for each Participant on a 100% Replacement Cost basis. Where a significant (25% or greater) variance in valuation on a given location is found at the time of a loss, additional charges will be made on a pro-rata basis. Coverage will revert to Actual Cash Value until the contribution is paid.

**K. Misrepresentation and Fraud**

The entire Contract is void if:

1. the Participant has concealed or misrepresented any material fact or circumstances concerning this coverage; or
2. the Participant makes any attempt to defraud the Fund either before or after a loss.

**L. Inspection and Audit**

While this coverage is in effect, the Fund can, at any reasonable time, inspect the Participant's property and operations. However, neither the Fund's inspection nor any report thereof can serve as any representation that the Participant's property or operations are safe or healthful or that the Participant's property or operations comply with any law, rule, or regulation.

**M. Protection of Property**

In case of direct physical loss or damage by a covered peril, the Participant will take reasonable steps to protect, recover, or save the covered property and minimize any further potential loss.

The acts of the Participant or the Fund in protecting, recovering or saving the covered property will not be considered a waiver or an acceptance or abandonment. The Participant and the Fund will bear the expenses incurred proportionate to their respective interests.

**N. Errors and Omissions**

No unintentional errors or omissions in description or location of property or valuation of property will prejudice the Participant's right of recovery but will be reported to the Fund as soon as practicable when discovered.

**O. Brand and Trademarks**

In case of loss or damage by a peril covered against to covered property bearing a brand, trademark, or label, which in any way carries or implies the guarantee or the responsibility of the manufacture of the Participant:

1. the salvage value of such damaged property will be determined after removal of such brands, trademarks, labels, or identifying characteristics;
2. the cost of such removal will be considered as part of the damage;
3. the Participant will have full right to the possession and control of such damaged property; and
4. after suitable tests have indicated which goods have been damaged, the Participant, exercising reasonable discretion, will be sole judge as to whether such damaged goods are suitable for reprocessing or for marketing and no such damaged goods as determined by the Participant to be unfit for reprocessing or for marketing will be sold or otherwise disposed of except by the Participant or with the Participant's consent, but the Participant will allow the Fund any salvage obtained on any sale or other disposition of such goods.

**P. Pair and Set**

1. In the event of loss or damage to any covered article or articles which are part of a pair or set, the measure of loss of or damage to such article or articles will be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event will such loss or damage be construed to mean total loss of the pair or set, or
2. in the event of loss or damage to any part of property covered consisting, when complete for use, of several parts, the Fund will only be liable for the value of the part lost or damaged.

**Q. Contributing Insurance**

Permission is granted for the Participant to purchase other policies written upon the same plan, conditions, and provisions as those contained in this Section I (Property) of this Contract.

This Section I (Property) of this Contract will contribute to the total of each loss otherwise payable herein to the extent of the participation of this Section I (Property) of this Contract in the total limit of liability as provided by all policies written upon the same plan, conditions, and provisions as those contained in this Section I (Property) of this Contract.

**R. Excess Insurance**

Permission is granted to the Participant to have excess insurance over the limit of liability set forth in this Section I (Property) of this Contract without prejudice to this Section I (Property) of this Contract, nor will the existence of such insurance, if any, reduce any liability under this Section I (Property) of this Contract.

**S. Other Insurance**

Except as referred in Q and R above, if there is other collectible insurance, this Contract will cover as excess coverage and will not contribute with such other insurance.

**T. Reinstatement**

With the exception of loss caused by perils which are subject to annual aggregate limits, any loss hereunder will not reduce the amount of limits of Section I (Property).

**U. Benefit to Bailee**

The Contract will not inure, directly or indirectly, to the benefit of any carrier or bailee.

**V. Abandonment**

There will be no abandonment of any property to the Fund.

**W. Definitions**

For purposes of Section I (Property) only, the following terms shall have the following meanings:

1. "Accounts Receivable" means money due the Participant from customers provided the Participant is unable to effect collection thereof as a result of direct physical loss or damage to records of Accounts Receivable by a covered peril.
2. "Actual Cash Value" means the replacement cost, at the time of loss, of the damaged or destroyed property, less depreciation.
3. "Business Income" means (1) net income (net profit or its equivalent) which would have been earned or incurred; and (2) any continuing normal operating expenses, including ordinary payroll, incurred (excluding valuable papers and records, accounts receivable, mobile equipment, fine arts, computer hardware or computer software).
4. "Consequential Loss" means consequential loss to covered property caused by a change of temperature resulting from total or partial destruction by a covered peril of heating, air

conditioning, refrigerating, or cooling apparatus, connection or supply pipes thereof, if within one thousand five hundred (1500) feet of premises owned, leased, or operated by the Participant.

5. "Contaminant" means any material which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss or value, marketability, or loss of use to property covered hereunder, including, but not limited to, bacteria, fungi, virus, or hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act, or as designated by the U.S. Environmental Protection Agency.
6. "Earthquake" means land movement due to seismic activity.
7. "Extra Expense" means the expense incurred during the Period of Recovery that would not have occurred, if there had been no direct physical loss or damage to property covered (excluding valuable papers and records, accounts receivable, mobile equipment, fine arts, computer hardware or computer software).
8. "Flood" means rising water, surface water, waves, tidal water, tidal wave, tsunami, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not.
9. "Functional Replacement Cost" means the cost to replace the property with similar property intended to perform the same function when replacement with identical property is impossible or unnecessary.
10. "Joint Venture Property" means Participant's interest in property of which the Participant is a joint owner with other parties.
11. "Landfill" means a municipal solid waste land fill.
12. "Miscellaneous Unnamed Property" means that property owned by the Participant whether real or personal but inadvertently not reported to the Third Party Administrator.
13. "Mobile Equipment" means any of the following categories of land vehicles, including any attached machinery or equipment;
  - a. bulldozers, farm machinery, forklifts, and other vehicles designed for use principally off public roads;
  - b. vehicles maintained for use solely on or next to premises the Participant owns or rents;
  - c. vehicles that travel on crawler treads;
  - d. vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
    - (1) power cranes, shovels, loaders, diggers, or drills; or
    - (2) road construction or resurfacing equipment such as graders, scrapers, or rollers.
  - e. vehicles not described in subparagraphs a, b, c, or d above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:



- (1) air compressors, pumps, and generators, including spraying, welding, building, cleaning, geophysical exploration, lighting, and well servicing equipment; or
  - (2) cherry pickers and similar devices used to raise or lower workers.
- f. vehicles not described in subparagraphs a, b, c, or d above that are maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not Mobile Equipment but will be considered Autos:
- (1) equipment designed primarily for:
    - (a) snow removal; or
    - (b) road maintenance, but not construction or resurfacing; or
    - (c) street cleaning;
  - (2) cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
  - (3) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment.

14. "Newly Acquired Locations" means locations acquired or erected after the Effective date of the Contract. The Participant will report (except locations having total values under \$500,000) the values to the Fund within one hundred eighty (180) days of acquisitions or date of Completion.
15. "Occurrence" means an accident, incident, or a series of accidents or incidents arising out of the single event or originating cause and includes all resultant or concomitant losses wherever located.

As respects Earthquake and Flood: In the event of a difference of opinion between the Participant and the Fund as to whether or not losses sustained by the Participant during an elected period of seventy-two (72) hours arose out of or directly resulted from a single atmospheric disturbance or condition, the stated opinion of the United States Weather Bureau, or successor thereto, shall govern as to whether or not a single atmospheric disturbance or condition continued throughout the period at the locations involved. If the United States Weather Bureau should declare that one single atmospheric disturbance had continued at the locations involved beyond the elected point of seventy-two (72) hours, all losses sustained during such extended period shall be included as a single loss Occurrence.

16. "Period of Recovery" applicable to business interruption and Extra Expense, means the length of time which: (a) commences with the date of direct physical loss or damage by a covered peril and is not limited by the expiration date of this contract; (b) if there is direct physical loss or damage to alterations, additions and property while in the course of construction, erection, installation, or assembly which delays the start of the operations, the Period of Recovery commences with the date operations would have begun if the direct physical loss or damage had not occurred; (c) terminates on the date when the damaged or destroyed property should have been replaced or replaced with reasonable speed and similar quality; and (d) if the Participant has not reached the planned level of production or the level of operations, which would have been reached, had no loss occurred, extends thirty (30) consecutive days beyond the date the damaged or destroyed property is actually repaired, rebuilt, or replaced.
17. "Property in the Open" means Property shown on the building appraisal which is located on an insured premises and described in the appraisal and for which a Replacement Cost is shown.

18. "Pollutants" means (See Contaminant)
19. "Rental Income" means (1) the fair rental value of any portion of the property occupied by the Participant; (2) income reasonably expected from rentals of unoccupied or unrented portions of such property; (3) the rental income from the rented portions of such property, according to bona fide leases, contracts, or agreements in force at the time of loss; and (4) continuing charges and expenses necessarily incurred in reducing the loss under the contract for an amount not by which the loss is reduced. (excluding valuable papers and records, accounts receivable, mobile equipment, fine arts, computer hardware or computer software).
20. "Replacement Cost" means the amount it would take to replace the damaged or destroyed property with property of like kind and quality, determined at the time of loss, not to exceed the amount declared in the statement of values.
21. "Transit" means all shipments within and between the territory of this Section I (Property) of this contract including coastal waters thereof, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage on any conveyance intended for use for any outbound or used for any inbound shipment; including during deviation and delay; until safely delivered into place of final destination.
22. "Valuable Papers and Records" means written, printed, or otherwise inscribed documents and records, including but not limited to, books, manuscripts, tapes, discs, drums, cells, or other data processing, recording or storage media, but does not include money or securities.



**NORTH CAROLINA COUNTIES LIABILITY AND PROPERTY INSURANCE POOL FUND**

**SECTION II  
GENERAL LIABILITY  
CONTRACT DECLARATIONS**

Participant: Duplin County  
 Certificate Number: LP-DU-031-03  
 Contract Period: From 07/01/2003 to 07/01/2004  
 Effective Time: 12:01 a.m., Eastern Standard Time

**SCHEDULE OF COVERAGES AND LIMITS**

COVERAGE	LIMIT
General Liability	\$ 2,000,000 per occurrence
Fire Legal Liability - Real Property	\$ 100,000 per occurrence
Broad Form Property Damage and Property in the Care, Custody and Control of the Participant	\$100,000 per occurrence
Premises Medical Payments	\$1,000 per person \$10,000 per occurrence

Deductible	\$ 0
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**- SECTION II -**

**GENERAL LIABILITY COVERAGE**

**A. Coverage Agreement**

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

1. to pay on behalf of the Participant all sums which the Participant shall be obligated to pay by reason of the liability imposed upon the Participant by law or assumed by the Participant under contract or agreement for damages on account of Personal Injury, Bodily Injury or Property Damage, including death at any time resulting therefrom, suffered or alleged to have been suffered by any person or persons (excepting employees or volunteers of the Participant injured in the course of their employment),

and/or damage to or destruction of property or the loss of use thereof arising out of any Occurrence from any cause other than as covered by Section III (Auto), Section IV (Crime) and Section V (Professional Liability) of the Contract,

including, but not limited to, Products Liability and/or Completed Operations, Host Liquor Liability, Incidental Malpractice, and Employee Benefits Liability;

2. to pay on behalf of the Participant all costs and expenses incurred in the investigation, adjustment and settlement of any claims or suits. We will have the right and duty to defend the Participant against suits seeking damages for bodily injury or property damage. The Fund's obligation applies only to claims or suits for which coverage is afforded by this Section II (General Liability) of this Contract. Coverage for such costs and expenses provided herein is in addition to the limit of liability as stated in Contract Declarations of Section II (General Liability);
3. to pay on behalf of the Participant all expenses incurred by the Participant during the Contract Period for such medical and surgical relief to others (excepting employees and volunteers of the Participant injured in the course of their employment), as shall be necessary as the result of an Occurrence on account of Personal Injury or Bodily Injury, provided such injuries arise out of operations with respect to which the Participant is afforded coverage for liability under this Contract.

Notwithstanding the foregoing, the Fund shall not be liable to pay, on behalf of the Participant, any sum which the Participant shall be obligated to pay if a judgment or final adjudication in any action brought against the Participant shall be based on a determination that acts of fraud or dishonesty were committed by the Participant.

(See immediately below for Fire Legal Liability - Real Property and thereafter for Broad Form Property Damage and Property in the Care, Custody and Control of the Participant)

**B. Fire Legal Liability - Real Property**

With respect to Property Damage to structures or portions thereof rented to or leased to the named Participant including fixtures permanently attached thereto, if such Property Damage arises out of fire,

1. all of the exclusions of the Contract, other than the Nuclear Explosion Exclusion (II, E, 22 of the Contract), are deleted and replaced by the following:  
This coverage does not apply to liability assumed by the Participant under any contract or agreement.
2. The limit of Property Damage liability as respects this Fire Legal Liability Coverage - Real Property is \$100,000 each occurrence unless otherwise stated in the Declaration Page of this Section II (General Liability).
3. The Fire Legal Liability Coverage - Real Property shall be excess coverage over any valid and collectible property insurance (including any deductible portion thereof), available to the Participant, such as, but not limited to fire, extended coverage, builder's risk coverage or

installation risk coverage and the other insurance conditions of the Contract are amended accordingly.

**C. Broad Form Property Damage and Property in the Care, Custody, and Control of the Participant**

The coverage for Property Damage liability applies subject to the following provisions:

1. This coverage does not apply to:
  - a. property owned or occupied by or rented to the Participant. (See above for special provisions applying to Fire Legal Liability - Real Property);
  - b. property in the custody of the Participant which is to be installed, erected, or used in construction by the Participant;
  - c. that particular part of any property, not on premises owned by or rented to the Participant:
    - (1) upon which operations are being performed by or on behalf of the Participant at the time of the Property Damage arising out of such operations, or
    - (2) out of which any Property Damage arises; or
    - (3) the restoration, repair, or replacement of which has been made or is necessary by reason of faulty workmanship thereon by or on behalf of the Participant;
  - d. with respect to the completed operations hazard, to work performed by the Participant out of such work or any portion thereof, or out of such materials, parts, or equipment furnished in connection therewith.
2. Except with respect to the use of elevators or liability under a written sidetrack agreement, coverage for the following exposures is limited to \$100,000 and will be paid only at the option of the Participant:
  - a. property held by the Participant for sale or entrusted to the Participant for storage or safekeeping; and
  - b. tools or equipment of others while being used by the Participant in performing its operations.
3. The Broad Form Property Damage and Property in the Care, Custody, and Control of the Participant coverage shall be excess over any valid and collectible property insurance or coverage (including any deductible portion thereof) available to the Participant, such as, but not limited to fire, extended coverage, builder's risk coverage or installation risk coverage, and the other coverage conditions of the Contract are amended accordingly.

**D. Employee Benefits Liability**

The Fund agrees to indemnify the Participant for all sums which the Participant shall become legally obligated to pay as a result of damages sustained by an employee, prospective employee, former employee or the beneficiaries or legal representatives thereof in the administration of the Participant Employee Benefit Programs as defined herein and caused by any negligent act, error or omission of the Participant or any other person for whose acts the Participant is legally liable.

**1. Exclusions**

This coverage under this section does not apply:

- a. to any dishonest, fraudulent, criminal or malicious act, libel, slander, discrimination or humiliation;

- b. to Bodily Injury to, or sickness, disease or death of, any person, or to injury to or destruction of any tangible property, including the loss of use thereof;
- c. to any claim for failure of performance of contract by any Insurer, including failure of any Employee Benefit Program;
- d. to any claim based upon the Insured's failure to comply with any law concerning Workers' Compensation, Unemployment Insurance, Social Security or Disability Benefits;
- e. to any claim based upon:
  - (1) Failure of stock to perform as represented by a Participant;
  - (2) Advice given by a Participant to an employee to participate or not to participate in stock subscription plans;
  - (3) The investment or non-investment of funds;
- f. to claims based upon the Employee Retirement Income Security Act of 1974, Public of Common Law.

2. Definitions:

- a. "Administration" - The unqualified word "Administration" whenever used, shall mean:
  - (1) Giving counsel to employees with respect to the Employee Benefit Program;
  - (2) Interpreting the Employee Benefit Programs;
  - (3) Handling of records in connection with the Employee Benefit Programs;
  - (4) Effecting enrollment, termination or cancellation of employees under the Employee Benefit Program; provided all such acts are authorized by the Participant.
- b. "Employee Benefits Programs"- The term Employee Benefit Programs shall mean disability benefits insurance and travel, savings or vacation plans.

**E. Exclusions Applicable to General Liability**

This coverage does not apply to any of the following:

1. Expected or Intended Injury

bodily injury or Property Damage expected or intended from the standpoint of a Covered Person. This exclusion does not apply to bodily injury resulting from the use of reasonable force to protect persons or property. However, bodily injury resulting from the use of reasonable force by law enforcement officers to protect persons or property is not covered;

2. Workers Compensation

any obligation for which the Participant or the Participant's insurer may be held liable under any workers compensation, disability benefits, or unemployment compensation law or any similar law. This includes volunteers of the Participant.

3. Employee Indemnification and Employer's Liability

bodily injury to:

- a. an employee or volunteer of the Participant arising out of or in the course of employment by the Participant; or

- b. the spouse, child, parent, brother, or sister of that employee as a consequence of paragraph a. above.

This exclusion applies:

- (1) whether the Participant may be liable as an employer or in any other capacity; and
- (2) to any obligation to share damages with or repay someone else who must pay damages because of the injury;

4. Watercraft

to the ownership, maintenance, or use, including loading or unloading of watercraft over 26 feet in length;

5. Care, Custody and Control

Damage to property in your care, custody or control.

6. Property Damage and Work Performed

to property damage to work performed by or on behalf of the named Participant arising out of the work or any portion thereof, or out of materials, parts, or equipment furnished in connection therewith;

7. Aircraft, Airfields, Airports

to liability arising out of the ownership, maintenance, loading or unloading, use, or operation of any aircraft, airfields, airports, runways, hangars, buildings, or other properties in connection with aviation or airport activities;

8. Eminent Domain

to any liability arising out of or in any way connected with the operation of the principles of eminent domain, condemnation proceedings, or inverse condemnation, by whatever name called, whether such liability accrues directly against the Participant or by virtue of any agreement entered into by or on behalf of the Participant;

9. Asbestos

to liability arising out of:

- a. inhaling asbestos, ingesting asbestos, or prolonged physical exposures to asbestos or goods or products, containing asbestos; or
- b. the use of asbestos in constructing or manufacturing any good, product, or structure; or
- c. the removal of asbestos from any good, product, or structure; or
- d. the manufacture, sale, transportation, storage, or disposal of asbestos or goods or products containing asbestos;

10. Pollution

- a. the "Contamination" of any "Environment" by "Pollutants" that are introduced at any time, anywhere, in any way; or
- b. any bodily injury, personal injury, property damage, costs or other loss or damage arising out of such contamination, including but not limited to, cleaning up, remedying, or detoxifying

such contamination; or

As used in this exclusion, the following terms will have the following meanings:

"Contamination" means any unclean or unsafe or damaging or injurious or unhealthful condition arising out of the presence of pollutants, whether permanent or transient in any Environment.

"Environment" includes any person, any manmade object or feature, animals, crops and vegetation, land, bodies of water, underground water or water table supplies, air, and any other feature of the earth or its atmosphere, whether or not altered, developed, or cultivated, including, but not limited to any of the above, owned, controlled, or occupied by the Participant.

"Pollutants" means smoke, vapors, soot, fumes, acids, sound, alkalines, chemicals, liquids, solids, gases, thermal pollutants, and all other irritants or contaminants.

This exclusion does not apply to bodily injury or property damage caused by heat, smoke or fumes from a "hostile fire".

11. War

bodily injury or Property Damage due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion, or revolution.

12. Sexual Abuse

to any claim resulting from the sexual or physical abuse or molestation of any person by the Participant or any volunteer worker or employee of the Participant.

13. Public Officials Liability

to any liability for any actual or alleged error, misstatement, or misleading statement, act, or omission, or neglect or breach of duty by the Participant, or by any other person for whose acts the Participant is legally responsible arising out of the discharge of duties as a political subdivision or a duly elected or appointed member or official thereof.

14. Law Enforcement Liability

to police professional liability resulting in Personal Injury, Bodily Injury or Property Damage.

15. Discrimination/Wrongful Termination

to Bodily Injury or Personal Injury arising out of discrimination or wrongful termination with respect to the employment of or failure to employ any person.

16. Hospital and Health Clinic Professional Liability

To Bodily Injury or Personal Injury to any person arising out of the rendering of or failure to render any of the following professional services:

- a. medical, surgical, dental, or nursing treatment to such person or the person inflicting the injury including the furnishing of food or beverages in connection therewith; or
- b. furnishing or dispensing of drugs or medical, dental, or surgical supplies or appliances; or
- c. handling of or performing post-mortem examinations on human bodies; or
- d. service by any person as a member of a formal accreditation or similar professional board or committee participant, or as a person charged with the duty of executing directives of any such board or committee.



However, this exclusion shall not apply to liability of county employed or county volunteer Emergency Medical Technicians.

17. Public Utility

to any liability for Bodily Injury , Personal Injury or Property Damage arising out of the ownership or maintenance of any electric and/or gas utilities;

18. Volunteer Fire Fighters

to bodily injury of any volunteer fire fighter, whether or not a member of the Participant's organization while in the course of the volunteer's duties as such;

19. Inmates in Custody of the Participant

to Bodily Injury, Personal Injury or Property Damage to inmates, prisoners, or any person in custody of the Participant's law enforcement division regardless of place or method;

20. Nuclear Explosion

this Contract does not apply:

a. to Bodily Injury or Property Damage including medical payments resulting from the Hazardous Properties of Nuclear Material, if

(1) the Nuclear Material

(a) is from any Nuclear Facility owned by or operated by or on behalf of a Participant; or

(b) has been discharged or dispersed therefrom; or

(2) the Nuclear Material is contained in Spent Fuel or Waste at any time possessed, handled, used, processed, stored, transported, or disposed of by or on behalf of a Participant; or

(3) the Bodily Injury or Property Damage arises out of the furnishing by a Participant of services, materials, parts, or equipment in connection with the planning, construction, maintenance, operation, or use of any Nuclear Facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to Property Damage to such Nuclear Facility and any property threat.

b. As used in this exclusion:

"Hazardous Properties" includes radioactive, toxic, or explosive properties;

"Nuclear Facility" means:

(1) any Nuclear Reactor,

(2) any equipment or device designed or used for

(a) separating the isotopes of uranium or plutonium, or

(b) processing or utilizing spent fuel, or

(c) handling, processing or packaging waste,

(3) any equipment or device used for the processing, fabricating or alloying of special Nuclear Material if at any time the total amount of such material in the custody of the Participant at the premises where such equipment or device is located consists of or

contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

- (4) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of Waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"Nuclear Material" means Source Material, Special Nuclear Material or By-Product Material;

"Nuclear Reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction; or to contain a critical mass of fissionable material;

"Property Damage" includes all forms of radioactive contamination of property;

"Source Material", "Special Nuclear Material", and "By-Product Material" have the meanings given them in the Atomic Energy Act of 1954 or in any amendment thereof;

"Spent Fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;

"Waste" means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any Nuclear Facility included within the definition of Nuclear Facility under paragraphs 1 or 2 thereof;

21. Personal Injury or Advertising Injury

- a. to Personal Injury as defined in K. Definitions, 12. arising out of the willful violation of a penal statute or ordinance committed by or with the knowledge or consent of the Participant;
- b. to Personal Injury as defined in K. Definitions, 12. arising out of a publication or utterance of a libel or slander, or a publication or utterance in violation of an individual's right of privacy, if the first injurious publication or utterance of the same or similar material by or on behalf of the named Participant was made prior to the Effective Date of this coverage;
- c. to Personal Injury as defined in K. Definitions, 12. arising out of libel or slander or the publication or utterance of defamatory or disparaging material concerning any person or organization or goods, products or services, or in violation of an individual's right of privacy, made by or at the direction of the Participant with knowledge of the falsity thereof;
- d. to Personal Injury as defined in K. Definitions, 12. arising out of the conduct of any partnership or joint venture of which the Participant is a partner or member which is not designated in the Contract Declarations as the named Participant;
- e. to Advertising Injury as defined in K. Definitions, 1. arising out of:
- (1) failure of performance of contract, but this exclusion does not apply to the unauthorized appropriation of ideas based upon alleged breach of implied contract; or
  - (2) infringement of trademark, service mark, or trade name, other than titles or slogans, by use thereof on or in connection with goods, products or services sold, offered for sale or advertised; or
  - (3) incorrect description or mistake in advertised price of goods, products or services sold, offered for sale or advertised;
- f. with respect to Advertising Injury as defined in K. Definitions, 1.:
- (1) to any Covered Person in the business of advertising, broadcasting, publishing, or telecasting; or

(2) to any injury arising out of any act committed by the Covered Person with actual malice.

22. Bodily Injury or Property Damage arising out of the ownership, use, maintenance or entrustment to others of any "auto" owned, borrowed, rented to or leased to the Participant.

23. Mold

to Bodily injury or Property Damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

"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.

The coverage afforded by this Contract does not apply to payment for the investigation or defense of any loss, injury, or damage or any cost, fine, or penalty or for any expense or claim or suit related to any of the above exclusions.

24. Punitive Damages

Any amount which the Participant may become obligated to pay for punitive damages or exemplary damages, fines or statutory penalties, whether imposed by law or otherwise.

#### **F. Exclusions Applicable to Medical Payments**

Medical payments coverage shall not be applicable to any individual participating in any capacity in any sporting event or sports activity whether or not a charge was made for that event or activity.

#### **G. Coverage Territory**

Under this Section II (General Liability), the coverage territory is:

1. the United States of America, its territories, or possessions, or Canada; or
2. international waters or air space, provided the bodily injury or Property Damage does not occur in the course of travel or transportation to or from any other country, state, or nation; or
3. anywhere in the world with respect to damages because of Bodily Injury or Property Damage arising out of a product which was sold for use or consumption within the territory described in paragraph 1 above, provided the original suit for such damages is brought within such territory; or
4. anywhere in the world with respect to Bodily Injury, Property Damage, Personal Injury arising out of the activities of any Covered Person permanently domiciled in the United States of America though temporarily outside the United States of America, its territories and possessions, or Canada, provided the original suit for damages because of any such injury or damage is brought within the United States of America, its territories or possessions, or Canada.

Such coverage as is afforded by this paragraph 4 shall not apply:

- a. to Bodily Injury or Property Damage included within the Completed Operations hazard or the Products Liability hazard; or
- b. to premises Medical Payments coverage.

**H. Covered Persons**

The following are Covered Persons under this Contract:

1. The Participant;
2. a person who is a lawfully elected or appointed official of the Participant while acting under the jurisdiction of the Participant or within the scope of his authority or apparent authority, express or implied, but only with respect to his liability while acting within the scope of his authority;
- 3) any employees of the Participant while acting within the scope of their duties;
4. any person who performs a service on a volunteer basis for the Participant and under its direction and control;
5. any person while providing services to the Participant under any mutual aid or similar agreement, or while acting as an agent for the Participant;

**I. Fund's Limit of Liability**

As applicable under Section II (General Liability), the total liability of the North Carolina Counties Liability and Property Insurance Pool Fund for any one occurrence involving one Participant will be \$2,000,000; except where other liability and/or coverage sublimits apply; then the Fund's liability will also be limited to the applicable sub-limit.

The Fund's liability for any one occurrence involving one Participant will be limited to \$2,000,000 regardless of the number of covered persons, number of claimants or claims made. In no event shall coverage under any liability section of this Contract combine with any other section to increase the per occurrence limit of liability of \$2,000,000 as set out above.

**Coverage Sublimits applying to Fund's Limit of Liability**

Fire Legal Liability - Real Property (Section II, B)	\$100,000 each occurrence
Medical Payments (GL)	\$ 1,000 per person \$ 10,000 occurrence

**J. Conditions Applicable to Section II (General Liability)**

**1. Participant's Duties in the Event of Occurrence, Claim, or Suit**

- a. In the event of an Occurrence, written notice containing particulars sufficient to identify the Participant and also reasonably obtainable information with respect to the time, place, and circumstances thereof and the names and addresses of the injured and of available witnesses shall be given by or for the Participant to the Fund or any of its authorized agents as soon as practicable.
- b. If a claim is made or suit is brought against the Participant, the Participant shall immediately forward to the Fund every demand, notice, summons, or other process received by the Participant or its representative.
- c. The Participant shall cooperate with the Fund and, upon the Fund's request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the Participant because of injury or damage with respect to which coverage is afforded under this Contract; and the Participant shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The Participant shall not, except at its own cost, voluntarily make any payment, assume any obligation, or incur any expense other than for first aid to others at

the time of accident.

2. Medical Reports, Proof, and Payment of Claim

As soon as practicable the Participant or someone on its behalf shall give to the Fund a Proof of Claim, under oath if required, and shall, after each request from the Fund, execute authorization to enable the Fund to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by the Fund when and as often as the Fund may reasonably require. The Fund may pay the injured person or any person or organization rendering the services and the payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall not constitute an admission of liability of any person or, except hereunder, of the Fund.

3. Other Provisions. See Section VII (General Provisions) for items not addressed in this Section II (General Liability).

K. Definitions

1. "Advertising Injury" means an injury arising out of an offense committed during the Contract Period occurring in the course of the named Participant's advertising activities, if such injury arises out of libel, slander, defamation, violation of right of privacy, piracy, unfair competition, or infringement of copyright, title, or slogan.
2. "Auto" means a land motor vehicle, trailer, or semi-trailer designed for travel on public roads but does not include mobile equipment.
3. "Bodily Injury" means bodily injury, sickness or disease sustained by a person including death as a result of injury, sickness or disease at any time.
4. "Completed Operations" wherever used herein includes bodily injury or Property Damage arising out of Operations or reliance upon a representation of warranty made at any time with respect thereto, but only if the bodily injury or Property Damage occurs after such Operations have been completed or abandoned and occurs away from premises owned by or rented to the Participant. Operations shall be deemed completed at the earliest of the following times:
  - a. when all Operations to be performed on behalf of the Participant have been completed; or
  - b. when all Operations to be performed by or on behalf of the Participant at this site of Operations have been completed; or
  - c. when the portion of the work out of which the injury arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing Operations for a principal as a part of the same project.Operations which may require further service or maintenance work, or correction, repair, or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.
5. "Covered Person" means as described in Section II (General Liability) H (Covered Person).
6. "Host Liquor Liability" means legal liability of the Participant arising out of the giving or serving of alcoholic beverages at functions incidental to the Participant's Operations.
7. "Hostile Fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Incidental Malpractice" means emergency professional medical services rendered or which should have been rendered to any person or persons (excepting employees of the Participant injured in the course of their employment) by any duly qualified medical practitioner (except any physician, radiologist, osteopath, dentist, pharmacist, medical resident or student, or any

individual licensed to practice medicine), nurses, Technicians, or Technicians in training, employed by or acting on behalf of the Participant. Professional medical services shall include medical, surgical, dental, x-ray, or nursing services, or food and beverages in connection with these services; or drugs or medical, surgical, or dental supplies, or appliances. This coverage extends to a Medical Director, Assistant Medical Director or EMS Education Medical Advisor appointed by the Participant within the scope of his duties for the Participant and excess over any other valid and collectible insurance.

Included within Incidental Malpractice coverage is coverage for any employee while acting independent of that person's activities as the Participant's employee or acting as a volunteer with another emergency unit or organization but only when the person encounters the scene of an accident or medical emergency requiring sudden action.

9. "Medical Payment" means expenses for necessary medical, surgical, x-ray and dental services, including prosthetic devices, and necessary ambulance, hospital, professional nursing, and funeral services.
10. "Occurrence" means an accident or happening or event or a continuous or repeated exposure to conditions which result in Personal Injury, Bodily Injury or Property Damage during the Contract Period. All Personal Injury or Bodily Injury to one or more persons and/or Property Damage arising out of an accident or a happening or event or continuous or repeated exposure to conditions shall be deemed an Occurrence.
11. "Operation" includes materials, parts, or equipment furnished in connection therewith.
12. "Personal Injury" means injury, other than Bodily Injury arising out of one or more of the following offences:
  - a. false arrest, false imprisonment, wrongful eviction, wrongful entry, detention, malicious prosecution, invasion of rights of privacy, libel, slander or defamation of character, publication of disparaging materials, and assault and battery;
  - b. mental injury, mental anguish, humiliation, erroneous service of civil papers, violation of civil rights, disparagement of property, and discrimination;
  - c. Advertising Injury.
13. "Products Liability" means bodily injury or Property Damage arising out of the Participant's product or reliance upon a representation or warranty made at any time with respect thereto, but only if the bodily injury or Property Damage occurs away from premises owned by or rented to the Participant and after physical possession of such products has been relinquished to others.
14. "Property Damage", except in the Nuclear Explosion exclusion, means damage or destruction to or loss of property, excluding, however, damage to property owned by the Participant. Property Damage also means loss of use of property that is not physically injured.
15. "Technician" means a certified first responder, certified emergency medical technician, certified intravenous technician, certified paramedic, or ambulance driver, or any of the above in training at the request or with the approval of the Participant.



**NORTH CAROLINA COUNTIES LIABILITY AND PROPERTY INSURANCE POOL FUND**

**SECTION III  
BUSINESS AUTO  
CONTRACT DECLARATIONS**

Participant: Duplin County  
 Certificate Number: LP-DU-031-03  
 Contract Period: From 07/01/2003 to 07/01/2004  
 Effective Time: 12:01 a.m., Eastern Standard Time

**SCHEDULE OF COVERAGES AND COVERED AUTOS**

This coverage is for those Autos listed on the Application and any Autos acquired AFTER the Effective Date of coverage.

COVERAGE	COVERED AUTOS	LIMIT (per accident)
Auto Liability	Any Covered Auto	\$ 2,000,000
Out of State No-Fault	Any Covered Auto	State Law Minimum
Auto Medical Payment	Any Covered Auto	\$1,000
Uninsured Motorists	Any Covered Auto	\$100,000
Underinsured Motorists	Any Covered Auto	\$100,000
Auto Liability Deductible		\$ 500
<b>PHYSICAL DAMAGE COVERAGE</b>	<b>COVERED AUTOS</b>	<b>DEDUCTIBLE (per accident)</b>
Comprehensive (actual cash value or cost of repair, whichever is less)	<input type="checkbox"/> All Owned Autos <input checked="" type="checkbox"/> Specifically Scheduled Autos <input type="checkbox"/> All Autos at or less than 5 years old	\$ 500
Collision (actual cash value or cost of repair, whichever is less)	<input type="checkbox"/> All Owned Autos <input checked="" type="checkbox"/> Specifically Scheduled Autos <input type="checkbox"/> All Autos at or less than 5 years old	\$ 500
Replacement Cost Coverage	Fire Trucks and Ambulances Only where a Replacement Cost value is shown on the Schedule of Vehicles	\$ 500

AUTOMOBILE SCHEDULE  
2003-2004 FUND YEAR  
ENTITY : Duplin County

Version: 0100

Contributions shown on the Declarations of Coverages for your automobile coverages are based on the following schedule of vehicles, classifications, and indicated physical damage values. The values indicated are for rating purposes only. Valuations for claims purposes will be in accordance with provisions of the coverage document. Any changes or corrections may require adjustments to the contributions. Auto Physical Damage Coverage applies only to vehicles where coverage type states 'Full Coverage'. Replacement Cost coverage applies only to ambulances and fire trucks where a value greater than \$0 is shown in the Stated Amount column.

VIN	Year	Make	Description	Type	Department	Class	Coverage Type	Stated Amount
0029	2000	FORD	F150 Truck	AMBULANCE	E-911	7919	Full Coverage	0
0068	2001	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
0183	1996	GMC	Sonoma	POLICE COMMERCIAL	SHERIFF'S	7912	Full Coverage	0
0193	1996	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
0195	1996	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
0344	1998	FORD	Truck	LIGHT TRUCK	WATER DEPT	01499	Full Coverage	0
0541	2001	DODGE	Ram Truck	LIGHT TRUCK	MAINTENANCE	01499	Full Coverage	0
0822	2000	CHEVROLET	Monte Carlo	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
0897	1979	NOMAND	Camper	MOTOR HOME	SHERIFF'S	9902	Full Coverage	0
0912	1978	PARKHURST	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
0952	2002	FORD	Ranger	LIGHT TRUCK	WATER DEPT	01499	Full Coverage	0
0954	2002	FORD	Ranger	LIGHT TRUCK	WATER DEPT	01499	Full Coverage	0
1015	1983	HOMEMADE	Trailer	TRAILER - OVER 2000	MAINTENANCE	68499	Full Coverage	0
1188	1997	GMC	Sierra	POLICE COMMERCIAL	SHERIFF'S	7912	Full Coverage	0
1198	1998	FORD	Explorer	POLICE COMMERCIAL	SHERIFF'S	7912	Full Coverage	0
1318	2002	UNKNOWN	Anderson Utility Trailer	TRAILER - OVER 2000	SHERIFF'S	68499	Full Coverage	0
1324	1998	FORD	Ambulance	AMBULANCE	EMS	7919	Full Coverage	57,314
1326	1998	FORD	Ambulance	AMBULANCE	EMS	7919	Full Coverage	57,314
1328	1992	FORD	Aerostar	POLICE COMMERCIAL	SHERIFF'S	7912	Full Coverage	0
1355	2000	TRAILMOBILE	Dental Van	MEDICAL MOBILE	HEALTH	9903	Full Coverage	0
1422	2002	FORD	Ambulance	AMBULANCE	EMS	7919	Full Coverage	60,235
1678	1998	VOLVO	Truck	MEDIUM TRUCK	SOLID WASTE MGT	21499	Full Coverage	0
1735	1999	FORD	Van	LIGHT TRUCK	SENIOR CITIZENS	01499	Full Coverage	0
1784	2000	FORD	Explorer	POLICE COMMERCIAL	SHERIFF'S	7912	Full Coverage	0
1785	2000	FORD	Explorer	POLICE COMMERCIAL	SHERIFF'S	7912	Full Coverage	0
1930	2001	MACK	Truck	MEDIUM TRUCK	SOLID WASTE MGT	21499	Full Coverage	0
1931	2001	MACK	Truck	MEDIUM TRUCK	SOLID WASTE MGT	21499	Full Coverage	0
1992	1995	FORD	Bus	BUS NOC 21-60	TRANSPORTATION	5883	Full Coverage	0
2092	1991	WHITE	Truck	MEDIUM TRUCK	SOLID WASTE MGT	21499	Full Coverage	0
2520	1993	FORD	Van	LIGHT TRUCK	TRANSPORTATION	01499	Full Coverage	0
2536	1992	BUICK	Le Sabre	PRIVATE PASSENGER	TRANSPORTATION	7398	Full Coverage	0
2649	2001	CHEVROLET	Blazer	FIRE TRUCK	FIRE DEPT	7909	Full Coverage	0
2699	1967	HOMEMADE	Trailer	TRAILER - OVER 2000	MAINTENANCE	68499	Full Coverage	0

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NCACC PROPERTY LIABILITY INSURANCE FUND  
AUTOMOBILE SCHEDULE  
2003-2004 FUND YEAR  
ENTITY : Duplin County

Version: 0100

Contributions shown on the Declarations of Coverages for your automobile coverages are based on the following schedule of vehicles, classifications, and indicated physical damage values. The values indicated are for rating purposes only. Valuations for claims purposes will be in accordance with provisions of the coverage document. Any changes or corrections may require adjustments to the contributions. Auto Physical Damage Coverage applies only to vehicles where coverage type states 'Full Coverage'. Replacement Cost coverage applies only to ambulances and fire trucks where a value greater than \$0 is shown in the Stated Amount column.

VIN	Year	Make	Description	Type	Department	Class	Coverage Type	Stated Amount
2734	2000	GMC	CK1500 Truck	POLICE COMMERCIAL	SHERIFF'S	7912	Full Coverage	0
3144	1993	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
3165	1978	PARK	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
3384	1973	SECO	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
3474	1964	JOHNSON	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
3528	2001	MACK	Truck	MEDIUM TRUCK	SOLID WASTE MGT	21499	Full Coverage	0
3606	2001	FORD	Ranger	LIGHT TRUCK	WATER DEPT	01499	Full Coverage	0
3609	2001	FORD	Ranger	LIGHT TRUCK	WATER DEPT	01499	Full Coverage	0
3726	1999	FORD	Explorer	LIGHT TRUCK	ECONOMIC	01499	Full Coverage	0
3739	1967	JOHNSON	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
3759	1965	STEVENSON	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
3830	1996	DODGE	Ram Truck	LIGHT TRUCK	SOIL	01499	Full Coverage	0
4015	1994	ACCURATE	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
4016	1994	ACCURATE	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
4017	1994	ACCURATE	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
4018	1994	ACCURATE	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
4066	1994	FORD	Ambulance	AMBULANCE	EMS	7919	Full Coverage	50,000
4137	1995	CHEVROLET	Caprice	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
4188	1996	ACCURATE	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
4200	1999	PONTIAC	Montana Van	POLICE COMMERCIAL	SHERIFF'S	7912	Full Coverage	0
4305	1974	FRUEHAUF	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
4381	2000	FORD	F150 Truck	LIGHT TRUCK	ANIMAL CONTROL	01499	Full Coverage	0
4558	2002	PAGE	Trailer	TRAILER - OVER 2000	PARKS/RECREATION	68499	Full Coverage	0
4579	2002	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
4580	2002	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
4581	2002	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
4582	2002	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
4583	2002	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
4584	2002	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
4585	2002	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
4618	1980	MACK	Truck	MEDIUM TRUCK	SOLID WASTE MGT	21499	Full Coverage	0
4681	2002	FORD	Ambulance	AMBULANCE	EMS	7919	Full Coverage	0
4694	1998	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0

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AUTOMOBILE SCHEDULE

2003-2004 FUND YEAR

ENTITY : Duplin County

Version: 0100

Contributions shown on the Declarations of Coverages for your automobile coverages are based on the following schedule of vehicles, classifications, and indicated physical damage values. The values indicated are for rating purposes only. Valuations for claims purposes will be in accordance with provisions of the coverage document. Any changes or corrections may require adjustments to the contributions. Auto Physical Damage Coverage applies only to vehicles where coverage type states 'Full Coverage'. Replacement Cost coverage applies only to ambulances and fire trucks where a value greater than \$0 is shown in the Stated Amount column.

VIN	Year	Make	Description	Type	Department	Class	Coverage Type	Stated Amount
4695	1998	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
4780	1998	FORD	Taurus	PRIVATE PASSENGER	EMS	7398	Full Coverage	0
4992	1997	FORD	Ambulance	AMBULANCE	EMS	7919	Full Coverage	50,000
5006	2000	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
5007	2000	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
5008	2000	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
5009	2000	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
5054	1996	VOLVO	Truck	MEDIUM TRUCK	SOLID WASTE MGT	21499	Full Coverage	0
5064	2000	FORD	Ranger	LIGHT TRUCK	WATER DEPT	01499	Full Coverage	0
5067	2001	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
5068	2001	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
5166	1994	FORD	Ambulance	AMBULANCE	EMS	7919	Full Coverage	50,000
5226	1997	FORD	Expedition	POLICE COMMERCIAL	SHERIFF'S	7912	Full Coverage	0
5232	2000	HAULMARK	Trailer	TRAILER - OVER 2000	MAINTENANCE	68499	Full Coverage	0
5236	1997	DODGE	Van	POLICE COMMERCIAL	SHERIFF'S	7912	Full Coverage	0
5353	1991	UNKNOWN	Tilt Trailer	TRAILER - OVER 2000	CO-OP EXTENTION	68499	Full Coverage	0
5452	1991	FORD	Bus-24 pass.	BUS NOC 21-60	TRANSPORTATION	5883	Liability Only	0
5682	1998	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
5684	1998	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
5685	1998	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
5686	1998	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
5691	2000	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
5692	2000	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
5719	1996	CHEVROLET	Caprice	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
5750	2000	FORD	Ambulance	AMBULANCE	EMS	7919	Full Coverage	60,309
5767	1997	FORD	Taurus	PRIVATE PASSENGER	EMERGENCY	7398	Full Coverage	0
5792	1992	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
6064	2003	FORD	Ambulance	AMBULANCE	EMS	7919	Full Coverage	64,934
6203	1998	PACE	Trailer-Explorers	TRAILER - OVER 2000	SHERIFF'S	68499	Full Coverage	0
6302	1962	FAYE	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
6395	1997	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
6396	1997	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
6397	1997	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0

AUTOMOBILE SCHEDULE  
2003-2004 FUND YEAR  
ENTITY : Duplin County

Version: 0100

Contributions shown on the Declarations of Coverages for your automobile coverages are based on the following schedule of vehicles, classifications, and indicated physical damage values. The values indicated are for rating purposes only. Valuations for claims purposes will be in accordance with provisions of the coverage document. Any changes or corrections may require adjustments to the contributions. Auto Physical Damage Coverage applies only to vehicles where coverage type states 'Full Coverage'. Replacement Cost coverage applies only to ambulances and fire trucks where a value greater than \$0 is shown in the Stated Amount column.

VIN	Year	Make	Description	Type	Department	Class	Coverage Type	Stated Amount
6489	2000	CHEVROLET	S10 Blazer	LIGHT TRUCK	SOIL	01499	Full Coverage	0
8517	2003	FORD	Ambulance	AMBULANCE	EMS	7919	Full Coverage	64,934
6546	1999	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
6547	1999	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
6548	1999	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
6549	1999	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
6570	1974	PHIL	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
6575	2000	GMC	Sierra	POLICE COMMERCIAL	SHERIFF'S	7912	Full Coverage	0
6623	1990	GMC	Truck	MEDIUM TRUCK	SOLID WASTE MGT	21499	Full Coverage	0
6677	2002	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
6746	2002	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
6760	2002	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
6853	2000	CHEVROLET	Impala	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
6886	2000	FORD	Ranger	LIGHT TRUCK	INSPECTION	01499	Full Coverage	0
6924	1994	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
6928	1994	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
6929	1994	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
6930	1996	FORD	Truck	LIGHT TRUCK	GARAGE	01499	Full Coverage	0
7054	1984	CHEVROLET	Truck	LIGHT TRUCK	SOLID WASTE MGT	01499	Liability Only	0
7138	1991	FORD	Truck	MEDIUM TRUCK	SOLID WASTE MGT	21499	Full Coverage	0
7494	1989	NISSAN	Truck	LIGHT TRUCK	MAINTENANCE	01499	Liability Only	0
7621	1998	FORD	Ambulance	AMBULANCE	EMS	7919	Full Coverage	57,314
7634	1995	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
7657	1998	FORD	F150 Truck	LIGHT TRUCK	ANIMAL CONTROL	01499	Full Coverage	0
7701	2001	FORD	F150 Truck	LIGHT TRUCK	INSPECTION	01499	Full Coverage	0
7873	1989	JEEP	Cherokee	LIGHT TRUCK	AIRPORT	01499	Liability Only	0
7885	1995	FORD	Ambulance	AMBULANCE	EMS	7919	Full Coverage	50,000
7954	1991	CHEVROLET	Truck	LIGHT TRUCK	PARKS/RECREATION	01499	Liability Only	0
8060	2003	FORD	Explorer	POLICE COMMERCIAL	SHERIFF'S	7912	Full Coverage	0
8071	1993	DODGE	Van W/C	BUS NOC 1-8	TRANSPORTATION	5881	Full Coverage	0
8136	1969	HEIL	Trailer	TRAILER - OVER 2000	SOLID WASTE MGT	68499	Full Coverage	0
8231	1997	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
8232	1997	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0

NORCO PROPERTY SERVICES  
**AUTOMOBILE SCHEDULE**  
**2003-2004 FUND YEAR**  
**ENTITY : Duplin County**

Version: 0100

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VIN	Year	Make	Description	Type	Department	Class	Coverage Type	Stated Amount
8334	1999	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
8335	1999	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
8345	1995	DODGE	Dakota	LIGHT TRUCK	INSPECTION	01499	Liability Only	0
8649	1998	CHEVROLET	Venture	LIGHT TRUCK	TRANSPORTATION	01499	Full Coverage	0
8658	2000	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
8659	2000	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
8713	2003	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
8714	2003	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
8715	2003	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
8716	2003	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
8817	2002	FORD	Ranger	LIGHT TRUCK	WATER DEPT	01499	Full Coverage	0
8845	1993	FORD	Truck	LIGHT TRUCK	MAINTENANCE	01499	Liability Only	0
8911	2002	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
8912	2002	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
8971	2001	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
8972	2001	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
8973	2001	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
8974	2001	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
8975	2001	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
8976	1993	WHITE	Truck	MEDIUM TRUCK	SOLID WASTE MGT	21499	Full Coverage	0
9149	1994	FORD	F150 Truck	LIGHT TRUCK	MAINTENANCE	01499	Liability Only	0
9264	2001	PONTIAC	Gran Prix	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
9341	2000	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
9343	1992	FORD	Crown Victoria	POLICE PRIVATE	SHERIFF'S	7911	Full Coverage	0
9396	2001	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
9409	2001	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
9479	1968	CHEVROLET	Van	LIGHT TRUCK	TRANSPORTATION	01499	Liability Only	0
9480	1998	FORD	Ambulance	AMBULANCE	EMS	7919	Full Coverage	57,314
9541	2002	DODGE	Ram Truck	LIGHT TRUCK	SOLID WASTE MGT	01499	Full Coverage	0
9576	1997	FORD	Explorer	POLICE COMMERCIAL	SHERIFF'S	7912	Full Coverage	0
9698	1995	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
9700	1995	DODGE	Van	BUS NOC 9-20	TRANSPORTATION	5882	Full Coverage	0
9809	1998	FORD	F150 Truck	LIGHT TRUCK	WATER DEPT	01499	Full Coverage	0



**- SECTION III -**

**BUSINESS AUTO COVERAGE**

**A. Covered Autos.**

**1. Descriptions of Covered Autos.**

The following are Covered Autos:

Owned Autos;  
Hired Autos; and  
Non-Owned Autos

**2. Owned Autos Acquired by the Participant After the Coverage Begins**

The Participant has coverage for Autos that the Participant acquires of the type described for the remainder of the Contract Period.

**3. Certain Trailers, Mobile Equipment, and Temporary Substitute Autos**

The following types of vehicles are also Covered Autos for Liability Coverage:

- a. trailers with a load capacity of 2,000 pounds or less designed primarily for travel on public roads;
- b. scheduled licensed trailers over 2,000 pounds;
- c. Mobile Equipment while being carried or towed by a Covered Auto; and
- d. any Auto the Participant does not own while used with the permission of its owner as a temporary substitute for a Covered Auto the Participant owns that is out of service because of its: breakdown, repair, servicing, Loss, or destruction.

**B. Liability Coverage.**

**1. Coverage.**

The Fund will pay all sums the Participant legally must pay as damages because of Bodily Injury or Property Damage to which this coverage applies, caused by any Accident and resulting from the ownership, maintenance, or use of a Covered Auto.

The Fund has the right and duty to defend any Suit asking for these damages. However, the Fund has no duty to defend Suits for Bodily Injury or Property Damage not covered herein. The Fund may investigate and settle any claim or Suit as the Fund considers appropriate. The duty to defend or settle ends when the Limit of Liability has been exhausted by payment of judgments or settlements. All costs and expenses incurred in the investigation, adjustment, settlement, defense and appeal of any claim for which coverage is afforded herein is in addition to the Limit of Liability as stated in Section III, Business Auto Contract Declarations.

**a. Covered Persons.**

The following are Covered Persons:

- (1) the Participant as stated in these Declarations;
- (2) any official, trustee, director, officer, volunteer or Employee of the Participant while acting within the scope of his duties as such, and any person, organization, trustee, or estate to

whom the Participant is obligated by virtue of a written contract or agreement to provide coverage such as is offered by this coverage, but only in respect to operations by or on behalf of the Participant;

- (3) any person while using an Owned Auto or a Hired Auto and any person or organization legally responsible for the use thereof, provided the actual use of the automobile is by the Participant or with his permission, and any official of the participant with respect to the use of Non-owned Autos in the business of the Participant. This coverage with respect to any person or organization other than the Participant does not apply:
  - (a) to any person or organization, or to any agent or Employee thereof, operating an automobile sales agency, repair shop, service station, storage garage, or public parking place, with respect to any Accident arising out of the operation thereof;
  - (b) to any Employee with respect to injury to or sickness, disease or death of another Employee of the Participant injured in the course of such employment in an Accident arising out of the maintenance or use of the Auto in the business of the Participant;
  - (c) with respect to any Hired Auto, to the owner or a lessee thereof, other than the Participant, nor to any agent or employee of such owner or lessee;
  - (d) with respect to any Non-Owned Auto, to any official or employee if such Auto is owned by him or a member of the same household; and
  - (e) to anyone other than the Participant's Employees or a lessee or borrower, or any of their employees, while moving property to or from a Covered Auto.
- (4) anyone liable for the conduct of the Participant described above but only to the extent of that liability. However, the owner or anyone else from whom the Participant hires or borrows a Covered Auto is covered only if that Auto is a Trailer connected to a Covered Auto the Participant owns.

b. Coverage Extensions.

Supplemental Payments. The Fund will pay for the Covered Person:

- (1) up to \$250 for the cost of all bail bonds (including bonds for related traffic law violations) required because of a covered Accident; the Fund does not have to furnish these bonds;
- (2) premiums on appeal bonds in any suit the Fund defends, but only for bond amounts within the Limit of Liability;
- (3) premiums on bonds to release attachments in Suits the Fund defends but only for bonds within the Limit of Liability;
- (4) all costs taxed to the Participant in Suits the Fund defends; and
- (5) all interest on the full amount of any judgment in any Suit the Fund defends; the duty to pay interest ends when the Fund pays, offers to pay, or deposits in court the part of the judgment that is within the Liability Limit occurring after the entry of the judgment in a Suit the Fund defends. This is limited by the Liability Limit.

c. Out of State Coverage Extensions

While a Covered Auto is away from the state where it is licensed, the Fund will:

- (1) increase the Limit for Liability coverage to meet the limit or limits specified by a compulsory or financial responsibility law in the jurisdiction where the Covered Auto is being used; and

- (2) provide the minimum amount and types of other coverages, such as no-fault, required of out of state vehicles by the jurisdiction where the Covered Auto is being used.

The Fund will NOT pay any person more than once for the same elements of Loss because of these extensions.

d. Garage Liability

The Fund will pay amounts the Participant and Covered Persons under this agreement are legally required to pay as damages for a covered Bodily Injury or Property Damage claim caused by an accident that results from Garage Operations.

e. Garagekeepers Protection

The Fund will pay the amounts the Participant and Covered Persons under this agreement are legally required to pay for direct and accidental loss or damage to Covered Autos by a comprehensive loss or collision resulting from Garage Operations.

2. Exclusions

This coverage does not apply to any of the following:

a. Expected or Intended Injury.

Bodily Injury or Property Damage expected or intended from the standpoint of the Covered Person;

b. Contractual

Liability assumed under any contract or agreement; but this exclusion does not apply to liability for damages:

- (1) assumed in a contract or agreement that is a Covered Contract; or
- (2) that the Participant would have in the absence of the contract or agreement;

c. Workers Compensation

any obligation for which the Participant or the Fund may be held liable under any workers compensation, disability benefits, or unemployment compensation law, or any similar law;

d. Employee Indemnification and Employer's Liability

Bodily Injury to:

- (1) an Employee or volunteer of the Participant arising out of and in the course of employment by the Participant; or
- (2) the spouse, child, parent, brother, or sister of that Employee or volunteer as a consequence of paragraph (1) above;

This exclusion applies:

- (a) whether the Participant may be liable as an employer or in any other capacity; and
- (b) to any obligation to share damages with or repay someone else who must pay damages because of the injury. But this exclusion does not apply to Bodily Injury to domestic employees not entitled to workers compensation benefits or to liability assumed by the Participant under a Covered Contract.



e. Fellow Employee

Bodily Injury to any fellow Employee of the Participant arising out of and in the course of the fellow Employee's employment;

f. Care, Custody, and Control

Property Damage to property owned or transported by the Participant or in the Participant's care, custody, or control. But this exclusion does not apply to liability assumed under a sidetrack agreement where specifically covered by the Fund or Garage Operations.

g. Handling of Property

Bodily Injury or Property Damage resulting from the handling of property:

- (1) before it is moved from the place where it is accepted by the Participant before movement into or onto the Covered Auto, or
- (2) after it is moved from the Covered Auto to the place where it is finally delivered by the Participant;
- (3) Exclusions (1) and (2) above do not apply to Garage Operations performed by the Participant.

h. Movement of Property by Mechanical Device

Bodily Injury or Property Damage resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the Covered Auto. However, this exclusion does not apply to Property Damage resulting from Garage Operations performed by the Participant.

i. Operations

Bodily Injury or Property Damage arising out of the operation of any equipment listed in Section III (Auto) H (Definitions) 18 f (2) and (3) (definition of Mobile Equipment).

j. Completed Operations

Bodily Injury or Property Damage arising out of the Participant's work after that work has been completed or abandoned;

In this exclusion, the Participant's work means:

- (1) work or operations performed by the Participant or on its behalf, and
- (2) materials, parts, or equipment furnished in connection with such work or operations.

The Participant's work includes warranties or representations made at any time with respect to the fitness, quality, durability, or performance of any of the items included in subparagraphs (1) or (2) above.

The Participant's work will be deemed completed at the earliest of the following times:

- (a) when all of the work called for in the Participant's contract has been completed;
- (b) when all of the work to be done at the site has been completed if the Participant's contract calls for work at more than one site; or

- (c) when that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

k. Pollution

- (1) Bodily Injury or Property Damage arising out of the actual, alleged, or threatened discharge, dispersal, release, or escape of Pollutants:
  - (a) that are, or that are contained in any property that is
    - (i) being transported or towed by, or handled for movement into, onto, or from, the Covered Auto; or
    - (ii) otherwise in the course of transit; or
    - (iii) being stored disposed of, treated or processed in or upon the Covered Auto; or
  - (b) before the Pollutants or any property in which the Pollutants are contained are moved from the place where they are accepted by the Participant for movement into or onto the Covered Auto; or
  - (c) after the Pollutants or any property in which the Pollutants are contained are moved from the Covered Auto to the place where they are finally delivered, disposed of or abandoned by the Participant.
- (2) any loss, cost or expense arising out of any governmental direction or request that the Participant tests for, monitors, cleans up, removes, contains, treats, detoxifies, or neutralizes Pollutants.

For purposes of this Section III (Auto), B (Liability Coverage) 2 (Exclusions) k (Pollution), Pollutants means any solid, liquid, gaseous or thermal irritant, or contaminant, including smoke, vapor, soot, flames, acids, alkalis, chemicals and waste; Waste includes materials to be recycled, reconditioned or reclaimed. Paragraph (1)(a)(iii) does not apply to fuels, lubricants, fluids, exhaust gases, or other similar pollutants that for or result from the normal electrical, hydraulic, or mechanical functioning of the Covered Auto or its parts, if:

- (a) the Pollutants escape or are discharged, dispersed, or released directly from a Covered Auto part designed by its manufacturer to hold, store, receive, or dispose of such Pollutants; and
- (b) the Bodily Injury or Property Damage does not arise out of the operation of any equipment listed in Section III (Auto) H (Definitions) 18, f (2) and (3).

Paragraphs (1)(b) and (1)(c) of this exclusion do not apply if:

- (a) the Pollutants or any property in which the Pollutants are contained are upset, overturned, or damaged as a result of the maintenance or use of a Covered Auto; and
- (b) the discharge, dispersal, release, or escape of the Pollutants is caused directly by such upset, overturn, or damage.

l. War

**Bodily Injury or Property Damage due to war, whether or not declared, or any act or condition incident to war; war includes civil war, insurrection, rebellion, or revolution.**

**m. Punitive Damages**

Any amount which the Participant may become obligated to pay for punitive damages of exemplary damages, fines or statutory penalties, whether imposed by law or otherwise.

**n. Mold**

**Any Bodily Injury or Property Damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.**

"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.

**C. Fund's Liability Limit**

**Limit of Liability.** As applicable under Section III Automobile Liability, the total liability of the North Carolina Counties Liability and Property Insurance Pool Fund for any one occurrence/accident/wrongful act involving one Participant will be \$2,000,000; except where other liability and/or coverage sublimits apply; then the Fund's liability will also be limited to the applicable sub-limit.

The Fund's liability for any one occurrence/accident/wrongful act involving one Participant will be limited to \$2,000,000 regardless of the number of Covered Persons, number of claimants or claims made, or the number of covered vehicles involved whether or not covered in one or more than one capacity under this Contract or the contract of other Fund Participants.

In no event shall coverage under any liability section of this Contract combine with any other section to increase the per occurrence/accident/wrongful act limit of liability of \$2,000,000 as set out above.

**D. Physical Damage Coverage.**

**1. Coverage**

a. The Fund will pay for Loss according to Section III, Business Auto Coverage and Business Auto Contract Declarations under:

(1) comprehensive coverage from any cause except:

- (a) the Covered Auto's collision with another object; or
- (b) the Covered Auto's overturn.

(2) collision coverage caused by:

- (a) the Covered Auto's collision with another object; or
- (b) the Covered Auto's overturn.

b. Glass breakage -- hitting a bird or animal -- falling objects or missiles.

The Fund will pay for the following under comprehensive coverage:

- (1) glass breakage;
- (2) Loss caused by hitting a bird or animal; and
- (3) Loss caused by falling objects or missiles. However, the Participant has the option of having glass breakage caused by a Covered Auto's collision or overturn considered a Loss under Collision Coverage.

c. The Fund will also pay up to \$10 per day to a maximum of \$300 for transportation expense incurred by the Participant because of the total theft of a Covered Auto of the private passenger type. The Fund will pay for transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the expiration date of coverage, when the Covered Auto is returned to use or the Fund pays for its Loss.

## 2. Auto Lease/Loan Security Coverage

The following coverage applies only in the event of a total loss to a specific vehicle for which a physical damage contribution is paid and physical damage applies.

We will pay, in addition to the Actual Cash Value, the unpaid amount due on the lease or loan for your auto less any:

- a. overdue lease/loan payments at the time of loss,
- b. financial penalties imposed under a lease for excessive use, abnormal wear and tear or high mileage,
- c. security deposits not refunded by a lessor,
- d. costs for extended warranties, Credit Life insurance, Health, Accident or Disability insurance purchased with the loan or lease.

This coverage applies to unpaid amounts due on a lease or loan for comprehensive or Collision losses. No deductible applies to this coverage.

## 3. Exclusions

In addition to the Exclusions found in Section III, B. Liability Coverages, 2. Exclusions (which includes nuclear hazard, war or military action), the Fund will not pay for loss caused by or resulting from any of the following unless caused by other Loss that is covered herein:

- a. wear and tear, freezing, mechanical, or electrical breakdown; or
- b. blowouts, punctures, or other road damage to tires.

## 4. Limit of Coverage

The most the Fund will pay for Loss in any one Accident is the lesser of:

- a. the actual cash value of the damaged or stolen property as of the time of the Loss ; or
- b. the cost of repairing or replacing the damaged or stolen property with other property of like kind and quality,
- c. except, where Replacement Cost coverage is shown to apply to ambulances and fire trucks on the Business Auto Contract Declarations, and an additional premium has been paid, the Fund will pay the cost of replacing an ambulance or a fire truck with a vehicle of like kind and quality.

5. Deductible

For each Covered Auto, the Fund's obligation to pay for, repair, return, or replace damaged or stolen property will be reduced by the amount shown on the Declarations Page under Deductible.

E. Uninsured/Underinsured Motorist Coverage

The definition of Uninsured Motor Vehicle in this subsection E applies in its entirety as entered below:

1. Words and Phrases with Special Meaning for Subsection E

The following words and phrases have special meanings for this subsection E.

- a. "Occupying" means in, upon, getting in, on, out or off.
- b. "Property Damage" means injury to or destruction of the property of a Participant.
- c. "Uninsured Motor Vehicle" means:
  - (1) A motor vehicle as to which there is no Bodily Injury liability insurance; or
  - (2) A motor vehicle as to which there is such insurance in existence, but the insurance company writing the same has legally denied coverage thereunder or is unable, because of being insolvent at the time of or becoming insolvent during the twelve (12) months following the accident, to make payment with respect to the legal liability of its insured; or
  - (3) An insured motor vehicle, when the liability insurer of such vehicle has provided limits of Bodily Injury liability for its insured which are less than the limits applicable to the injured person provided under his uninsured motorist coverage; or
  - (4) A motor vehicle as to which there is no bond or deposit of cash or securities in lieu of such Bodily Injury and Property Damage liability insurance or other compliance with the North Carolina Motor Vehicle Safety-Responsibility Law, or where there is such bond or deposit of cash or securities, but such bond or deposit is less than the legal liability of the injuring party; or
  - (5) A motor vehicle of which the owner or operator is unknown, provided that in order for the insured to recover under the endorsement where the owner or operator of any motor vehicle which causes Bodily Injury to the insured is unknown, actual physical contact must have occurred between the motor vehicle owned or operated by such unknown person and the Covered Person or property of the Participant.

No vehicle shall be considered uninsured that is owned by the United States government and against which a claim may be made under the Federal Tort Claims Act, as amended.

2. Coverage

- a. The Fund will pay all sums the Covered Person is legally entitled to recover as damages from the owner or driver of an Uninsured Motor Vehicle. The damages must result from Bodily Injury sustained by the Participant or Property Damage, caused by an Accident. The owner's or driver's liability for these damages must result from the ownership, maintenance, or use of the Uninsured Motor Vehicle.
- b. If this coverage provides a limit in excess of the amounts required by the North Carolina Motor Vehicle Safety-Responsibility Law, the Fund will pay only after all liability bonds or policies have been exhausted by judgments or payments.
- c. Any judgment for damages arising out of a Suit brought without sending the Claims

Administrator a copy of the summons, complaint, or other process against Uninsured Motorists is not binding on the Fund.

3. Exclusions

This coverage does not apply to:

- a. any claim settled without the Fund's consent;
- b. the direct or indirect benefit of any insurer or self-insurer under any workers' compensation, disability benefits, or similar law;
- c. the direct or indirect benefit of any insurer of property;
- d. an Auto or property contained in the Auto other than a Covered Auto;
- e. the first \$250 of the amount of Property Damage to the property of each Participant as the result of any one accident; and
- f. anyone using a vehicle without a reasonable belief that the person is entitled to do so.

4. Who is Covered.

The following persons are covered under Section III, E. Uninsured/Underinsured Motorist Coverage:

- a. The Participant;
- b. anyone else occupying a Covered Auto or a temporary substitute for a Covered Auto; the Covered Auto must be out of service because of its breakdown, repair, servicing, loss or destruction; and
- c. anyone for damages he is entitled to recover because of Bodily Injury sustained by another Covered Person.

5. Limit of Liability for Section III Uninsured/Underinsured Motorists Coverage.

- a. Regardless of the number of Covered Auto's, Covered Persons, claims made, or vehicles involved in the accident, the most the Fund will pay for all damages resulting from any one accident is the limit of Uninsured/Underinsured Motorist Coverage of this Section III shown in the Declarations Page.
- b. Any amount payable under Section III, E. Uninsured/Underinsured Motorist Coverage shall be reduced by:
  - (1) all sums paid or payable under any workers' compensation, disability benefits, or similar law exclusive of non-occupational disability benefits; and
  - (2) all sums paid by or for anyone who is legally responsible, including all sums paid under the Contract's liability coverage; and
  - (3) all sums paid or payable under any policy of property insurance.
- c. Any amount paid under this coverage will reduce any amount a Participant may be paid under the Contract's liability coverage.

6. Changes in Conditions

The conditions of the Contract are changed for Uninsured Motorist Coverage as follows:

- a. The reference in Section III, G. Business Auto Conditions, 2. General Conditions, e. Other Coverages to collectible insurance applies only to other collectible Uninsured Motorists Insurance.
- b. the Participant's duties after an accident or loss are changed by adding the following:
  - (1) promptly notify the police if a hit-and-run driver is involved; and
  - (2) promptly send the Claims Administrator copies of the legal papers if a Suit is brought. A Suit may not be brought against anyone legally responsible for the use of an auto involved in the accident until 60 days after a Participant notifies the Claims Administrator or our administrator of his belief that the prospective defendant is an Uninsured Motorist.
  - (3) The Fund's right to recover from others is changed by adding the following: If the Fund makes any payment and the Covered Person recovers from another party, the Covered Person shall hold the proceeds in trust for the Fund and pay the Fund back the amount the Fund paid.
- c. The following condition is added:

Arbitration.

- (1) If the Fund and the Covered Person disagree whether the Covered Person is legally entitled to recover damages from the owner or driver of an Uninsured Motor Vehicle or do not agree as to the amount of damages, the Covered Person may make a written demand for arbitration. In this event, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will pay the expenses it incurs and bear the expense of the third arbitrator equally.
- (2) Unless both parties agree otherwise, arbitration will take place in the Covered Person's county. Local rules of law as to arbitration procedure and evidence will apply. A decision agreed by two of the arbitrators will be binding.
- (3) If the Covered Person elects not to arbitrate, the Fund's liability will be determined only in an action against the Fund. In any action against the Fund, except an action to determine whether a vehicle is an Uninsured Motor Vehicle, the Fund may require the Covered Person to join the owner or driver of the vehicle as a party defendant.

**F. Auto Medical Payments Coverage**

**1. The Fund Will Pay.**

The Fund will pay reasonable expenses incurred for necessary medical and funeral services to or for a Covered Person who sustains Bodily Injury caused by Accident. The Fund will pay only those expenses incurred within three years from the date of the Accident.

**2. Who is Covered.**

The following persons are covered under this subsection F Auto Medical Payments Coverage:

- a. anyone occupying a Covered Auto or while a pedestrian when struck by a covered auto; and
- b. anyone occupying a temporary substitute for a Covered Auto. The Covered Auto must be out of service because of its breakdown, repair, servicing, loss, or destruction.

**3. Exclusions**

The coverage in this subsection F Auto Medical Payments Coverage does not apply to:

- a. Bodily Injury sustained by a Covered Person while Occupying a vehicle located for use as a premises; or
- b. Bodily Injury sustained by a Covered Person while Occupying or struck by any vehicle (other than a Covered Auto) owned by a Covered Person or furnished or available for the Covered Person's regular use; or
- c. Bodily Injury to the Participant's Employee or volunteer arising out of and in the course of employment by the Participant; or
- d. Bodily Injury to a Covered Person while working in a business of selling, servicing, repairing, or parking autos unless that business is yours; or
- e. Bodily Injury caused by declared or undeclared war or insurrection or any of their consequences; or
- f. Bodily Injury to anyone using a vehicle without a reasonable belief that the person is entitled to do so.

4. Limit of Liability.

Regardless of the number of Covered Autos, Covered Persons under this subsection F Auto Medical Payments Coverage, claims made, or vehicles involved in the Accident, the most the Fund will pay for Bodily Injury for each Accident is the limit of Auto Medical Payments shown in Section III Business Auto Contract Declarations.

5. Changes in Conditions.

The conditions of the Contract are changed for this subsection F Auto Medical Payments Coverage as follows:

- a. the Fund's right to recover from others does not apply; and
- b. the references in Section III, G. Business Auto Conditions, 2. General Conditions, e. Other Coverage to other collectible insurance applies only to other collectible medical payments insurance.

**G. Business Auto Conditions.**

The following conditions apply in addition to the common policy conditions:

1. Loss Conditions.

a. Appraisal for Physical Damage Loss.

If the Participant and the Fund disagrees on the amount of Loss, either may demand an appraisal of the Loss. In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the actual cash value and amount of Loss. If they fail to agree, they will submit their difference to the umpire. A decision agreed to by any two will be binding. Each party will:

- (1) pay its chosen appraiser; and
- (2) bear the other expenses of the appraisal and umpire equally.

If the Fund submits to an appraisal, the Fund will still retain its right to deny the claim.



b. Duties in the Event of Accident, Claim, Suit or Loss.

- (1) In the event of an Accident, claim, Suit, or Loss, the Participant must give the Claims Administrator prompt notice of the Accident or Loss. Including:
  - (a) how, when, and where the Accident or Loss occurred;
  - (b) the Covered Person's name and address; and
  - (c) to the extent possible, the names and addresses of any injured persons and witnesses.
- (2) Additionally, the Participant and any other involved Covered Person must:
  - (a) assume no obligation, make no payment, or incur no expense without the Fund's consent, except at the Covered Person's own cost;
  - (b) immediately send the Claims Administrator copies of any demand, notice, summons, or legal paper received concerning the claim or Suit;
  - (c) cooperate with the Fund in the investigation, settlement, or defense of the claim or Suit;
  - (d) authorize the Fund to obtain medical records or other pertinent information; and
  - (e) submit to examination, at the Fund's expense, by physicians of the Fund's choice, as often as the Fund reasonably requires.
- (3) If there is a Loss to a Covered Auto or its equipment the Participant must also do the following:
  - (a) promptly notify the police if the Covered Auto or any of its equipment is stolen;
  - (b) take all reasonable steps to protect the Covered Auto from further damage and keep a record of all expenses for consideration in the settlement of the claim;
  - (c) permit the Fund's representative to inspect the Covered Auto and records proving the Loss before its repair or disposition; and
  - (d) agree to examinations under oath at the Fund's request and give the Fund a signed statement of the Participant's answers.

c. Legal Action Against the Fund.

No one may bring a legal action against the Fund under this Section III (Auto) until:

- (1) there has been full compliance with all the terms of this Contract; and
- (2) under Liability Coverage, the Fund agrees in writing that the Covered Person has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this Contract to bring the Fund into an action to determine the liability of the Covered Person.

d. Loss Payment - Physical Damage Coverages.

At the Fund's option it may:

- (1) pay for, repair, or replace damaged or stolen property; or

(2) return the stolen property, at its expense; the Fund will pay for any damage that results to the Covered Auto from the theft; or

(3) take all or any of the damaged stolen property at an agreed or appraised value.

e. Transfer of Rights of Recovery Against Others to the Fund.

If any person or organization to or for whom we make payment under this Contract has rights to recover damages from another, those rights are transferred to the Fund. That person or organization must do everything necessary to secure the Fund's rights and must do nothing after an Accident or Loss to impair them.

2. General Conditions.

a. Bankruptcy.

Bankruptcy or insolvency of the Participant will not relieve the Fund of any obligations under this Contract.

b. Concealment, Misrepresentation or Fraud.

This Contract is void in any case of fraud by a Covered Person relating to it. It is also void if the Participant intentionally conceals or misrepresents a material fact concerning:

(1) this Contract; or

(2) the Covered Auto; or

(3) the Participant's interest in the Covered Auto.

c. Liberalization.

If this Contract is revised to provide more coverage without additional charge, this Contract will automatically provide the additional coverages the day of the revision and adoption.

d. No Benefit to Bailee -- Physical Damage Coverages.

The Fund will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing, or transporting property for a fee regardless of any other provision of this coverage form.

e. Other Coverage.

(1) For any Auto the Participant owns, this Contract provides primary coverage. For any Covered Auto the Participant does not own, the coverage provided by this Contract is excess over any other collectible insurance, except this coverage does not apply to physical damage for non-owned autos. (When physical damage coverage is offered by a rental company on an optional basis and the Participant refuses the coverage, then coverage under this Contract applies, subject to a \$250 deductible.) However, while a Covered Auto which is a Trailer is connected to another vehicle, the Liability Coverage this Contract provides for the Trailer is:

(a) excess while it is connected to a motor vehicle the Participant does not own; or

(b) primary while it is connected to a Covered Auto the Participant does own.

(2) Regardless of the provisions of subsection (1) above, this Contract's liability coverage is primary for any liability assumed under a Covered Contract.

(3) When this Contract and any other contract or policy covers on the same basis, either

excess or primary, the Fund will pay only its share. This share is the proportion that the limit of the Contract bears to the total of the limits of all the coverage forms and policies covering on the same basis.

f. Contract Period, Coverage Territory.

Under this Section III Business Auto Coverage, the Fund covers Accidents and Losses occurring:

- (1) during the Contract Period shown on the Declaration Page; and
- (2) within the Coverage Territory.

The Coverage Territory is:

- (1) The United States of America;
- (2) The territories and possessions of the United States of America;
- (3) Puerto Rico; and
- (4) Canada.

The Fund will also cover Loss to, or Accidents involving, a Covered Auto while being transported between any of these places.

g. Two or More Contracts Issued by the Fund.

If this Contract and any other contract issued to the Participant by the Fund apply to the same Accident, the aggregate maximum limit of coverage under any one Contract or contract(s) shall not exceed the highest applicable limit under any one contract.

H. Definitions.

1. "Accident" includes continuous or repeated exposure to the same conditions resulting in Bodily Injury or Property Damage.
2. "Auto" means a land motor vehicle, Trailer, or semi-trailer designed for travel on public roads but does not include Mobile Equipment.
3. "Auto Payments Coverage" means as described in Section III Auto, F. Auto Medical Payments Coverage.
4. "Bodily Injury" means bodily injury, sickness, or disease sustained by a person including death resulting from any of these.
5. "Comprehensive Coverage" means as described in Section III Auto, D. Physical Damage Coverage, 1. Coverage, a. (1).
6. "Collision Coverage" means as described in Section III Auto, D. Physical Damage Coverage, 1. Coverage, a. (2).
7. "Commissioner" means a person duly elected or appointed to serve and serving as a Commissioner of the Participant.
8. "Covered Auto" means as described in Section III Auto, A. Covered Auto.
9. "Covered Contract" means:
  - a. a sidetrack agreement;

- b. a lease of premises;
- c. an easement or license agreement in connection with vehicle or pedestrian private railroad crossing at grade;
- d. any other easement agreement, except in connection with construction or demolition operation on or within 50 feet of a railroad;
- e. an indemnification of a municipality as required by ordinance, except in connection with work for a municipality; or
- f. that part of any other contract or agreement pertaining to the Participant's operation under which the Participant assumes the tort liability of another to pay damages because of Bodily Injury or Property Damage to a third person or organization if the contract or agreement is made prior to the Bodily Injury or Property Damage. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

A Covered Contract does not include that part of any contract or agreement;

- (1) that pertains to the loan, lease, or rental of an Auto to the Participant; or
  - (2) that holds a person or organization engaged in the business of transporting property by Auto for hire, harmless for the Participant's use of a Covered Auto over a route or territory that person or organization is authorized to serve by public authority.
- 10. "Coverage Territory" means as described in Section III Auto, G. Business Auto Conditions, 2. General Conditions, f. Contract Period, Coverage Territory.
  - 11. "Covered Persons" means as described in Section III. B. 1. a. Covered Persons.
  - 12. "Employees" includes Commissioners of counties.
  - 13. "Hired Autos" means land motor vehicles, trailers, or semi-trailers that the Participant leases, hires, rents, or borrows designed for travel on public roads. This does not include Mobile Equipment. This does not include any Auto the Participant leases, hires, rents, or borrows from any of the Participant's Employees or members of their households.
  - 14. "Garage Operations" includes coverage for non-covered auto or its equipment left in the care, custody or control of the Participant.
  - 15. "Liability Coverage" means as described in Section III B. Liability Coverage.
  - 16. "Liability Limit" means as described in Section III, C Fund's Liability Limit.
  - 17. "Loss" means direct and accidental damage or loss.
  - 18. "Mobile Equipment" means any of the following categories of land vehicles, including any attached machinery or equipment;
    - a. bulldozers, farm machinery, forklifts, and other vehicles designed for use principally off public roads;
    - b. vehicles maintained for use solely on or next to premises the Participant owns or rents;
    - c. vehicles that travel on crawler treads;
    - d. vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

- (1) power cranes, shovels, loaders, diggers, or drills; or
  - (2) road construction or resurfacing equipment such as graders, scrapers, or rollers.
- e. vehicles not described in subparagraphs a, b, c, or d above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
- (1) air compressors, pumps, and generators, including spraying, welding, building, cleaning, geophysical exploration, lighting, and well servicing equipment; or
  - (2) cherry pickers and similar devices used to raise or lower workers.
- f. vehicles not described in subparagraphs a, b, c, or d above that are maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not Mobile Equipment but will be considered Autos:
- (1) equipment designed primarily for:
    - (a) snow removal; or
    - (b) road maintenance, but not construction or resurfacing; or
    - (c) street cleaning;
  - (2) cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
  - (3) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment.
19. "Non-Owned Autos" mean land motor vehicles, trailers, or semi-trailers that the Participant DOES NOT own, lease, hire, rent, or borrow, designed for travel on public roads, that are used in connection with the Participant's business. This does not include Mobile Equipment. Non-Owned Auto includes Autos owned by the Participant's employees or partners or members of their households but only while used in your business.
20. "Occupying" means in, upon, getting in, on, out, or off.
21. "Owned Autos" means an Auto owned by the Participant.
22. "Property Damage" means damage to or loss of use of tangible property.
23. "Suit" means a civil proceeding in which damages because of Bodily Injury or Property Damage to which this Contract applies are alleged. Suit includes an arbitration proceeding alleging such damages to which the Participant must submit or submit with the Fund's consent.
24. "Trailer" includes semi-trailer.



**NORTH CAROLINA COUNTIES LIABILITY AND PROPERTY INSURANCE POOL FUND**

**SECTION IV  
CRIME  
CONTRACT DECLARATIONS**

Participant: Duplin County  
 Certificate Number: LP-DU-031-03  
 Contract Period: From 07/01/2003 to 07/01/2004  
 Effective Time: 12:01 a.m., Eastern Standard Time

**SCHEDULE OF COVERAGES AND LIMITS**

COVERAGE	LIMIT	DEDUCTIBLE
	per occurrence	per occurrence
1. Employee Theft - Per Loss Coverage	\$ 250,000	\$ 500
2. Forgery or Alteration	\$ 250,000	\$ 500
3. Inside the Premises - Theft of Money and Securities	\$ 250,000	\$ 500
4. Inside the Premises - Robbery or Safe Burglary	\$ 250,000	\$ 500
5. Outside the Premises	\$ 250,000	\$ 500
6. Computer Fraud	\$ 250,000	\$ 500
7. Money Orders and Counterfeit Paper Currency	\$ 250,000	\$ 500

**-SECTION IV-**

**CRIME COVERAGE**  
**(LOSS SUSTAINED FORM)**

Various provisions in this coverage document restrict coverage. Read the entire coverage document carefully to determine rights, duties and what is or is not covered.

Throughout this coverage document the words "you" and "your" refer to the Named Participant shown in the Declarations. The words "we", "us" and "our" refer to the North Carolina Counties Liability and Property Insurance Pool Fund providing this coverage.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

**A. Coverage Agreements**

Coverage is provided under the following Coverage Agreements for which a limit of Coverage is shown in the Declarations:

**1. Employee Theft -- Per Loss Coverage**

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons, or

resulting directly from the failure of any "employee" to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your covered property.

**2. Forgery Or Alteration**

a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

(1) Made or drawn by or drawn upon you; or

(2) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

b. If you are sued for refusing to pay any instrument covered in Paragraph a. above, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.

The amount that we will pay is in addition to the Limit of Coverage applicable to this Coverage Agreement.

**3. Inside the Premises -- Theft Of Money and Securities**

a. We will pay for loss of "money" and "securities" inside the "premises" or "banking premises" resulting directly from "theft", disappearance or destruction

- b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities", if you are the owner of the "premises" or are liable for damage to it.
  - c. We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of or unlawful entry into those containers.
4. Inside The Premises – Robbery or Safe Burglary Of Other Property
- a. We will pay for loss of or damage to "other property":
    - (1) Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or
    - (2) Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".
  - b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property", if you are the owner of the "premises" or are liable for damage to it.
  - c. We will pay for loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".
5. Outside The Premises
- a. We will pay for loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.
  - b. We will pay for loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".
6. Computer Fraud
- We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":
- a. To a person (other than a "messenger") outside those "premises"; or
  - b. To a place outside those "premises".
7. Money Orders And Counterfeit Paper Currency
- We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:
- a. Money orders issued by any post office, express company or bank that are not paid upon presentation; or
  - b. "Counterfeit" paper currency that is acquired during the regular course of business.



**B. Limit Of Coverage**

The most we will pay for loss in any one "occurrence" is the applicable Limit of Coverage shown in the Declarations.

**C. Deductible**

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Coverage. In the event more than one Deductible Amount could apply to the same loss, only the highest Deductible Amount may be applied.

**D. Exclusions**

1. This Coverage Document does not apply to:

a. Acts Committed By You

Loss resulting from "theft" or any other dishonest act committed by you, whether acting alone or in collusion with other persons.

b. Acts Of Officials, Employees Or Representatives

Loss resulting from "theft" or any other dishonest act committed by any of your officials, "employees" or authorized representatives:

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

(2) While performing services for you or otherwise;

except when covered under Coverage Agreements A.1.

c. Governmental Action

Loss resulting from seizure or destruction of property by order of governmental authority.

d. Indirect Loss

Loss that is an indirect result of any act or "occurrence" covered by this Coverage Document including, but not limited to, loss resulting from:

(1) Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property".

(2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this Coverage Document.

(3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this Coverage Document.

e. Legal Expenses

Expenses related to any legal action, except when covered under Coverage Agreement A.2.

f. Nuclear

Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

g. War and Similar Actions

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

2. Coverage Agreements A.1. does not apply to:

a. Bonded Employees

Loss caused by an "employee" required by law to be individually bonded.

b. Employees Cancelled Under Prior Insurance

Loss caused by any "employee" of yours, or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.

c. Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

d. Trading

Loss resulting directly or indirectly from trading, whether in your name or in a genuine or fictitious account.

e. Treasurers Or Tax Collectors

Loss caused by any treasurer or tax collector by whatever name known.

f. Loss resulting from the failure of any entity acting as a depository for your property or property for which you are responsible.

g. Damages for which you are legally liable as a result of:

- (1) The deprivation or violation of the civil rights of any person by an "employee"; or
- (2) The tortious conduct of an "employee", except the conversion of property of other parties held by you in any capacity.

3. Insuring Agreements A.3., A.4. and A.5. do not apply to:

a. Accounting Or Arithmetical Errors Or Omissions

Loss resulting from accounting or arithmetical errors or omissions.

b. Exchanges Or Purchases

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

c. Fire

Loss resulting from fire, however caused, except:

(1) Loss from damage to a safe or vault; and

(2) Under Coverage Agreement A.3., loss of or damage to "money" and "securities".

d. Money Operated Devices

Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

e. Motor Vehicles Or Equipment And Accessories

Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them

f. Transfer Or Surrender Of Property

(1) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":

(a) On the basis of unauthorized instructions;

(b) As a result of a threat to do bodily harm to any person; or

(c) As a result of a threat to do damage to any property.

(2) But, this Exclusion does not apply under Coverage Agreement A.5 to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:

(a) Had no knowledge of any threat at the time the conveyance began; or

(b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

g. Vandalism

Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property" by vandalism or malicious mischief.

h. Voluntary Parting Of Title To Or Possession Of Property

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

4. Coverage Agreement A.6. does not apply to: Inventory Shortages

Loss, or that part of any loss, the proof which as to its existence or amount is dependent upon:

- a. An inventory computation; or
- b. A profit and loss computation.

**E. Conditions**

1. Conditions Applicable To All Coverage Agreements

a. Cancellation As To Any Employee

(1) Immediately upon discovery by:

- (a) You; or
- (b) Any official or employee authorized to manage, govern or control your "employees" of any act committed by the "employee" whether before or after becoming employed by you which would constitute a loss covered under the terms of the Employee Theft Coverage Agreement, as amended by this endorsement.

(2) On the date specified in a notice mailed to the first Named Participant. That date will be at least 30 days after the date of mailing.

We will mail or deliver our notice to the first Named Participant's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

b. Changes

This Coverage Document contains all the agreements between you and us concerning the Coverage afforded. The first Named Participant shown in the Declarations is authorized to make changes in the terms of this Coverage Document with our consent. This Coverage Document's terms can be amended or waived only by endorsement issued by us and made a part of this Coverage Document.

c. Concealment, Misrepresentation Or Fraud

This Coverage Document is void in any case of fraud by you as it relates to this Coverage Document at any time. It is also void if you or any other Participant at any time, intentionally conceal or misrepresent a material fact concerning:

- (1) This Coverage Document;
- (2) The property covered under this Coverage Document;
- (3) Your interest in the property covered under this Coverage Document; or
- (4) A claim under this Coverage Document

**d. Duties In The Event Of Loss**

After you discover a loss or a situation that may result in loss of or damage to "money", "securities" or "other property" you must:

- (1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Coverage Agreements A.1., or A.2.) involves a violation of law, you must also notify the local law enforcement authorities.
- (2) Submit to examination under oath at our request and give us a signed statement of your answers.
- (3) Give us a detailed, sworn proof of loss within 120 days.
- (4) Cooperate with us in the investigation and settlement of any claim.

**e. Examination Of Your Books And Records**

We may examine and audit your books and records as they relate to this Coverage Document at any time during the coverage period and up to 3 years afterward.

**f. Extended Period To Discover Loss**

- (1) We will pay for loss that you sustained prior to the effective date of termination or cancellation of this Coverage Document, which is discovered by you no later than 1 year from the date of that termination or cancellation.
- (2) However, this extended period to discover loss terminates immediately upon the effective date of any other insurance obtained by you replacing in whole or in part the coverage afforded by this Coverage Document, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

**g. Joint Participants**

- (1) If more than one Participant is named in the Declarations, the first Named Participants will act for itself and for every other Participant for all purposes of this Coverage Document. If the first Named Participant ceases to be covered, then the next Named Participant will become the first Named Participant.
- (2) If any Participant or official of that Participant has knowledge of any information relevant to this Coverage Document, that knowledge is considered knowledge of every Participant.
- (3) An "employee" of any Participant is considered to be an "employee" of every Participant.
- (4) If this Coverage Document or any of its coverages is cancelled or terminated as to any Participant, loss sustained by that Participant is covered only if discovered by you during the period of time provided in the Extended Period To Discover Loss Condition E.1.f.

However, this extended period to discover loss terminates as to that Participant immediately upon the effective date of any other insurance obtained by that Participant replacing in whole or in part the coverage afforded by this Coverage Document, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

- (5) We will not pay more for loss sustained by more than one Participant than the amount we would pay if all the loss had been sustained by one Participant.

**h. Legal Action Against Us**

You may not bring any legal action against us involving loss:

- (1) Unless you have complied with all the terms of this Coverage Document;
- (2) Until 90 days after you have filed proof of loss with us; and
- (3) Unless brought within 2 years from the date you discover the loss.

If any limitation is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

**i. Liberalization**

If we adopt any revision that would broaden the coverage under this Coverage Document without additional contribution within 45 days prior to or during the coverage period, the broadened coverage will immediately apply to this Coverage Document.

**j. Loss Covered Under More Than One Coverage Of This Coverage Document**

If two or more coverages of this Coverage Document apply to the same loss, we will pay the lesser of:

- (1) The actual amount of loss; or
- (2) The sum of the Limits of Coverage applicable to those coverages.

**k. Loss Covered Under This Coverage Document And Prior Coverage Issued By Us.**

If any loss is covered:

- (1) Partly by this Coverage Document; and
- (2) Partly by any prior cancelled or terminated coverage that we issued to you or any predecessor in interest;

The most we will pay is the larger of the amount recoverable under this Coverage Document or the prior insurance.

Regardless of the number of years this Coverage Document remains in force or the number of contributions paid, no Limit of Coverage cumulates from year to year or Coverage Document period to Coverage Document period.

**l. Loss Sustained**

Subject to the Loss Sustained During Prior Insurance Condition E.1.m. we will pay for loss that you sustain through acts committed or events occurring during the Coverage Document period shown in the Declarations and discovered by you:

- (1) During the Coverage Document period; or

- (2) During the period of time provided in the Extended Period To Discover Loss Conditions E.1.f.

m. Loss Sustained During Prior Insurance

- (1) If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you or the predecessor in interest could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this Coverage Document, provided:
- (a) This Coverage Document became effective at the time of cancellation or termination of the prior insurance; and
  - (b) The loss would have been covered by this Coverage Document had it been in effect when the acts or events causing the loss were committed or occurred.
- (2) The insurance under this Condition is part of, not in addition to, the Limits of Coverage applying to this Coverage Document and is limited to the lesser of the amount recoverable under:
- (a) This Coverage Document as of its effective date; or
  - (b) The prior insurance had it remained in effect.

n. Other Insurance

This Coverage Document does not apply to loss recoverable or recovered under other insurance or indemnity. If the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this Coverage Document will apply to that part of the loss, other than that falling within any Deductible Amount, not recoverable or recovered under the other insurance or indemnity.

However, this Coverage Document will not apply to the amount of loss that is more than the applicable Limit of Coverage shown in the Declarations.

o. Ownership Of Property; Interests Covered

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

- (1) That you own or lease;
- (2) That you hold for others; or
- (3) For which you are legally liable.

However, this Coverage Document is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this Coverage Document must be presented by you.

p. Contributions

The first Named Participant shown in the Declarations:

- (1) Is responsible for the payment of all contributions; and
- (2) Will be the payee for any return contributions we pay.

q. **Records**

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

r. **Recoveries**

(1) Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this Coverage Document will be distributed as follows:

- (a) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Coverage and the Deductible Amount, if any;
- (b) Then to us, until we are reimbursed for the settlement made; and
- (c) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.

(2) Recoveries do not include any recovery:

- (a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (b) Of original "securities" after duplicates of them have been issued.

s. **Territory**

This Coverage Document covers acts committed or events occurring within the United States of America (including its territories and possessions) and Puerto Rico.

t. **Transfer Of Your Rights and Duties Under This Coverage Document**

Your rights and duties under this Coverage Document may not be transferred without our written consent.

u. **Transfer Of Your Rights Of Recovery Against Others To Us**

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

v. **Valuation - Settlement**

(1) Subject to Section B: Limit of Coverage, we will pay for:

- (a) Loss of "money" but only up to and including its face value.
- (b) Loss of "securities" but only to and including their value at the close of business on the day the loss was discovered. We may, at our option:
  - (i) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or
  - (ii) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for



the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

- i. Value of the "securities" at the close of business on the day the loss was discovered; or
  - ii. Limit of Coverage.
- (c) Loss of or damage to "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:
- (i) The Limit of Coverage applicable to the lost or damaged property;
  - (ii) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose; or
  - (iii) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

We will not pay on a replacement cost basis for any loss or damage:

- (i) Until the lost or damaged property is actually repaired or replaced; and
- (ii) Unless the repairs or replacements are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.

(2) Any property that we pay for or replace becomes our property.

2. Conditions Applicable To Coverage Agreement A.1.

a. Indemnification

We will indemnify any of your officials who are required by law to give bonds for the faithful performance of their duties against loss through the failure of any "employee" under the supervision of that official to faithfully perform his or her duties as prescribed by law.

b. Territory

We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory Condition E.1.s. for a period of not more than 90 days.

3. Conditions Applicable To Insuring Agreement A.2.

a. Deductible

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement A.2.

b. Facsimile Signatures

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

c. Proof Of Loss

You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.

d. Territory

We will cover loss you sustain anywhere in the world. The Territory Condition E.1.s. does not apply to Coverage Agreement A.2.

4. Conditions Applicable To Coverage Agreements A.4. and A.5.

a. Armored Motor Vehicle Companies Under Coverage Agreement A.5. We will only pay for the amount of loss you cannot recover:

- (1) Under your contract with the armored motor vehicle company; and
- (2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

b. Special Limit Of Coverage For Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

5. Conditions Applicable To Coverage Agreement A.6.

a. Special Limit Of Coverage For Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

b. Territory

We will cover loss you sustain anywhere in the world. The Territory Condition E.1.s. does not apply to Coverage Agreement A.6.

**F. Definitions**

1. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
2. "Counterfeit" means an imitation of an actual valid original which is intended to deceive and to be taken as the original.
3. "Custodian" means you or any "employee" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.
4. "Employee"
  - a. "Employee" means:
    - (1) Any natural person:
      - (a) While in your service or for 30 days after termination of service;

(b) Who you compensate directly by salary, wages or commissions; and

(c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" as defined in Paragraph (1) above, who is on leave; or

(b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises"; or

(3) Any natural person who is:

A trustee, officer, employee, commissioner, administrator or manager.

Your official while that person is handling "funds" or "other property" of any employee benefit plan (s).

b. "Employee" does not mean any agent, person leased to you by a labor leasing firm, independent contractor or representative of the same general character.

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

6. "Funds" means "money" and "securities".

7. "Messenger" means you or any "employee" while having care and custody of property outside the "premises".

8. "Money" means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

9. "Occurrence" means:

a. As respects Coverage Agreement A.1., all loss caused by, or involving, one or more "employees", whether the result of a single act or series of acts.

b. As respects Coverage Agreement A.2., all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.

c. As respects all other Coverage Agreements:

(1) An act or series of related acts involving one or more persons; or

(2) An act or event, or a series of related acts or events not involving any person.

10. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property excluded under this policy.

11. "Premises" means the interior of that portion of any building you occupy in conducting your business.
12. "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:
  - a. Caused or threatened to cause that person bodily harm; or
  - b. Committed an obviously unlawful act witnessed by that person.
13. "Safe burglary" means the unlawful taking of:
  - a. Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
  - b. A safe or vault from inside the "premises".
14. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:
  - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
  - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;but does not include "money".
15. "Theft" means the unlawful taking of "money", "securities" or "other property" to the deprivation of the Participant.
16. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.



**NORTH CAROLINA COUNTIES LIABILITY AND PROPERTY INSURANCE POOL FUND**

**SECTION V  
PROFESSIONAL LIABILITY: LAW ENFORCEMENT AND PUBLIC OFFICIALS  
CONTRACT DECLARATIONS**

Participant: Duplin County  
 Certificate Number: LP-DU-031-03  
 Contract Period: From 07/01/2003 to 07/01/2004  
 Effective Time: 12:01 a.m., Eastern Standard Time

SCHEDULE OF COVERAGES AND LIMITS

COVERAGE	LIMIT
Law Enforcement Liability, Each Occurrence	\$ 2,000,000
Public Officials Liability, Each Wrongful Act	\$ 2,000,000
Sexual Abuse Extension, Each Person	\$ 500,000
Sexual Abuse Extension, Contract Period Aggregate	\$ 1,000,000

DEDUCTIBLE

Law Enforcement Liability, Each Occurrence	\$ 5,000
Public Officials, Each Wrongful Act	\$ 5,000
Sexual Abuse Extension, Each Occurrence	\$ 5,000

- SECTION V -

**PROFESSIONAL LIABILITY COVERAGE DOCUMENT**

**THIS IS AN OCCURRENCE CONTRACT.**

The Fund agrees with the Participant in consideration of the payment of the contribution and in reliance upon the statements in the application and subject to the limits of liability, exclusions, conditions, and other terms of this Contract as follows:

**A. Coverage Agreements.**

**1. Law Enforcement Employees Coverage.**

The Fund will pay on behalf of the Participant or Covered Person, or both, all sums which the Participant or a Covered Person shall become legally obligated to pay as money damages because of an Occurrence which results in:

- a. Personal Injury; or
- b. Bodily Injury; or
- c. Property Damage; or
- d. Personal Injury, Bodily Injury, or Property Damage which results in emergency first aid treatment

and arising out of the performance of a Covered Person's duties to provide law enforcement or other Fund approved law enforcement activities, or both, as declared in the application, and under the supervision of the Sheriff's office.

**2. Public Officials Coverage**

The Fund will pay on behalf of the Participant or a Covered Person, or both, all sums which the Participant or Covered Person shall become legally obligated to pay as money damages because of any civil claim or claims brought against the Participant or a Covered Person arising out of any Wrongful Act of any Covered Person acting in his capacity as a Covered Person(s) of the Participant and caused by the Covered Person while acting in his regular course of duty.

**3. Sexual Abuse Extension Agreement**

We will pay damages for Personal Injury and/or Bodily Injury as a result of an Occurrence arising from sexual abuse, sexual molestation, sexual exploitation or sexual injury, which alleges that the Participant was negligent in hiring, training, and supervision practices.

For the purposes of this Sexual Abuse Extension Agreement only, the following definitions apply:

*Personal Injury* means bodily injury, mental injury, mental anguish, shock, sickness, disease, disability, sexual dysfunction, unlawful detention, false imprisonment, public humiliation, invasion of right of privacy, or assault and battery.

*Sexual abuse* means physical, mental or moral harassment or assault of a sexual nature against any person.

Coverage shall not apply:

- 1. on behalf of any person who personally takes part in inflicting sexual abuse, sexual molestation, sexual exploitation, or sexual injury upon another person; or
- 2. on behalf of any person who remains passive upon gaining knowledge of any alleged sexual

abuse, sexual molestation, sexual exploitation, or sexual injury committed by an employee of the insured.

The most we will pay for damages is limited to:

\$500,000 Per person sexually abused, sexually molested, sexually exploited, or sexually injured, regardless of the number of incidents involving that person. For purposes of this limit, any Wrongful Act which results from a claim under this extension is also included in this \$500,000 per person limit.

\$1,000,000 Aggregate per policy period.

Multiple incidents of sexual abuse, sexual molestation, sexual exploitation, or sexual injury to one person, whether consisting of one or any combination among these, shall be deemed to be one Occurrence and shall be subject to the coverage and limits in effect at the time of the first incident even if some of such incidents take place after the Contract Period.

**B. Defense Costs; Charges & Expenses.**

With respect to such coverage as is afforded by this Section V Professional Liability of this Contract, the Fund shall, in addition to the Limits of Liability:

1. have the right and duty to defend any action or suit seeking money damages brought against the Participant or a Covered Person alleging an Occurrence or Wrongful Act, even if such action or suit is groundless, false, or fraudulent; but, the Participant shall not admit liability for or settle any claim or incur any cost or expense without the written consent of the Fund, and the Fund shall have the right to make such investigation and conduct negotiations and enter into such settlement of any claim or suit as the Fund deems expedient.

If the Participant or a Covered Person unreasonably refuses any settlement recommended by the Fund, the Participant or the Covered Person shall thereafter at its or his own expense negotiate or defend such claim or suit independently of the Fund; and the Fund's liability shall not exceed the amount for which the claim could have been settled plus the costs and expenses incurred with the Fund's consent up to the date of such refusal; however, the Fund does not have the duty of defending an allegation of a criminal act in a criminal court.

2. pay all reasonable expenses, other than salaries of any Covered Person incurred by the Participant at the Fund's request.

**C. Territory.**

In Section V Professional Liability of this Contract, coverage shall apply anywhere in the world with respect to Bodily Injury, Property Damage, Personal Injury or Advertising Injury arising out of the activities of any Covered Person permanently domiciled in the United States of America though temporarily outside the United States of America, its territories and possessions, or Canada, provided the original suit for damages because of any such injury or damage is brought within the United States of America, its territories or possessions, or Canada.

**D. Fund's Limit of Liability**

As applicable under Section V Professional Liability, the total liability of the North Carolina Counties Liability and Property Insurance Pool Fund for any one Occurrence/Wrongful Act involving one Participant will be \$2,000,000; except where other liability and/or coverage sublimits apply; then the Fund's liability will also be limited to the applicable sub-limit.

The Fund's liability for any one Occurrence/Wrongful Act involving one Participant will be limited to \$2,000,000 regardless of the number of Covered Persons, number of claimants or claims made, or

the number of covered vehicles involved whether or not covered in one or more than one capacity under this Contract or the contract of other Fund Participants.

In no event shall coverage under any liability section of this Contract combine with any other section to increase the per Occurrence/Wrongful Act limit of liability of \$2,000,000 as set out above.

**E. Deductible.**

Any amount payable under this Section V Professional Liability of this Contract shall be reduced by the deductible amount stated in the Declarations Page of this Section V Professional Liability. This deductible shall apply to each Wrongful Act/Occurrence and shall be borne by the Participant. Defense costs are included within the deductible.

All claims against the Participant arising out of a series of continuous, repeated, or interrelated Wrongful Acts or Occurrences shall be considered as one Wrongful Act/Occurrence and subject to one deductible.

**F. Exclusions Applicable to "Law Enforcement Employees" Coverage (Section V, A, 1).**

This coverage does not apply to any claim as follows:

1. any claims, demand or cause of action brought by the Participant or a Covered Person against another Participant or a Covered Person, (including Fair Labor Standards Act allegations). This exclusion does not apply to claims arising out of allegations falling under the equal protection clause of the 14th Amendment to the U.S. Constitution.
2. any claim based upon any violation of the Employee Retirement Income Security Act of 1974 (Public Law 93-406), more commonly referred to as the Pension Reform Act of 1974, or any amendments thereto or similar provisions of any federal, state or local law or common law;
3. any claim for any obligation for which the Participant or any carrier as its insurer may be held liable under any workers compensation, unemployment compensation, disability benefits law, or under any similar law, or to any injury or money damages sustained by any paid full or part-time employee of the Participant directly or indirectly related to his employment by the Participant;
4. any claim for damages arising out of fraudulent, dishonest, or criminal behavior, including the willful violation of a penal statute or ordinance committed by or with the knowledge or consent of the Participant, and claims or injury arising out of the willful, intentional or malicious conduct of any Covered Person;
5. any claim for liability assumed by the Participant under any contract or agreement, except as assumed under Mutual Aid Agreements entered into pursuant to North Carolina law;
6. any claim for Bodily Injury or Property Damage arising out of the ownership, operation, use, loading, or unloading of any land motor vehicle designed for use principally on public highways, including any machinery or apparatus attached thereto, or any aircraft or watercraft;
7. any claim for Property Damage to:
  - a. property owned or occupied by or rented to any Covered Person or the Participant;
  - b. property used by a Covered Person or the Participant; or
  - c. property in the care, custody, or control of "Covered Persons" or the Participant or as to which the Covered Person or the Participant is for any purpose exercising physical control. This exclusion does not apply to property in custody or to property seized pursuant to judicial order or otherwise under the lawful control of a law enforcement employee;



8. any claim for the acts of any Covered Person while engaged in any form of health care or ambulance services, except for first aid as specifically defined and limited herein;
9. any claim based on or arising out of any alleged failure to provide police protection sufficient and/or adequate to prevent the happening of any Occurrence resulting in injury, Property Damage, property loss, or any consequential loss therefrom.
10. any claim seeking punitive damages, treble damages, or liquidated damages or any other monetary recovery in excess of money damages as a compensatory award, but defense will be provided to such claims.

**G. Exclusions Applicable to Public Officials Coverage (Section V, A, 2).**

This coverage does not apply to any claim as follows:

1. seeking the return of any profit, advantage, gain, or remuneration to which the Participant or a Covered Person was not legally entitled; however, the Participant shall be defended under the terms of this Contract unless a judgment or final adjudication established such lack of legal entitlement;
2. brought about or contributed to by the fraudulent, dishonest, or criminal behavior of any Covered Person, however, notwithstanding the foregoing, the Participant and a Covered Person shall be protected under the terms of the Contract as to any claims upon which suit is brought against them by reason of any alleged dishonesty on their part unless a judgment or other final adjudication thereof adverse to them shall establish that acts of active and deliberate dishonesty committed by them with actual dishonest purpose and intent were material to the cause of action so adjudicated;
3. seeking relief, or redress, in any form other than money damages;
4. for Bodily Injury;
5. for loss, damage to or destruction of any tangible property, or the loss of use thereof by reason of the foregoing;
6. for Personal Injury ;
7. arising from a publication or utterance in the course of or related to advertising, broadcasting, or telecasting activities conducted by or on behalf of the Participant or Covered Person.
8. arising from inverse condemnation and/or adverse possession;
9. arising from strikes, riots, or civil commotions;
10. arising from the willful violation of any statute, ordinance, or regulation committed by or with the knowledge or consent of any Covered Person;
11. arising from:
  - a. the contamination of any environment by pollutants that are introduced at any time, anywhere, in any way; or
  - b. any Bodily Injury, Personal Injury, Property Damage, costs, or other loss or damage arising out of such contamination, including but not limited to, cleaning up, remedying, or detoxifying

such contamination; or

- c. payment of sums related to the investigation or defense of any loss, injury or damage or payment of any cost, fine or penalty or payment of any expense involving a claim or suit related to a or b above.

As used in this exclusion, the following terms will have the following meanings:

"Contamination" means any unclean or unsafe or damaging or injurious or unhealthful condition arising out of the presence of Pollutants, whether permanent or transient in any Environment.

"Environment" includes any person, any manmade object or feature, animals, crops and vegetation, land, bodies of water, underground water or water table supplies, air, and any other feature of the earth or its atmosphere, whether or not altered, developed, or cultivated, including, but not limited to any of the above, owned, controlled, or occupied by the insured.

"Pollutants" means smoke, vapors, soot, fumes, acids, sound, alkalis, chemicals, liquids, solids, gases, thermal pollutants, and all other irritants or contaminants.

12. arising from any "Covered Person's" activities in a fiduciary capacity as respects employee benefit plans;
13. arising from activities of an attorney-at-law, medical personnel, architect, engineer, or accountant, in the scope of his professional duties. The Participant and a Covered Person shall be protected however under the terms of this Contract as to any claim made against them as a public official or Employee of the Participant;
14. arising out of breach of contract except as assumed under Mutual Aid Agreements entered into pursuant to North Carolina law;
15. arising out of the operation or activities of any school or school district, hospital or health clinic, housing authority or transit authority, airports, gas and utility companies; however, this exclusion does not apply to the operation of a health clinic owned by a health department which has paid a premium to the Fund to be included as a Participant for coverage under this Contract, or to any transit authority named as the Participant, or included on the application.
16. any claims, demand or cause of action brought by the Participant or a Covered Person against another Participant or a Covered Person, including Fair Labor Standards Act allegations. This exclusion does not apply to claims arising out of allegations falling under the equal protection clause of the 14th Amendment to the U.S. Constitution.
17. any claim seeking punitive damages, treble damages, or liquidated damages or any other monetary recovery in excess of money damages as a compensatory award, but defense will be provided to such claims.

#### **H. Nuclear Exclusion.**

This coverage does not apply:

1. To Bodily Injury or Property Damage including medical payments resulting from the Hazardous Properties of Nuclear Material, if
  - a. the Nuclear Material
    - (1) is at any Nuclear Facility owned by or operated by or on behalf of the Participant; or
    - (2) has been discharged or dispersed therefrom; or

- b. the Nuclear Material is contained in Spent Fuel or Waste at any time possessed, handled, used, processed, stored, transported, or disposed of by or on behalf of the Participant; or
- c. the Bodily Injury or Property Damage arises out of the furnishing by the Participant of services, materials, parts, or equipment in connection with the planning, construction, maintenance, operation, or use of any Nuclear Facility, but if such Facility is located within the United States of America, its territories or possessions, or Canada, this exclusion (c) applies only to Property Damage to such Nuclear Facility and any property there at.

2. As used in this exclusion:

"Hazardous Properties" includes radioactive, toxic, or explosive properties;

"Nuclear Material" means Source Material, Special Nuclear Material, or By-product Material;

"Source Material", "Special Nuclear Material", and "By-product Material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"Spent Fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a Nuclear Reactor;

"Waste" means any waste material (1) containing By-product Material and (2) resulting from the operation by any person or organization of any Nuclear Facility included within the definition of Nuclear Facility under paragraph a or b below;

"Nuclear Facility" means:

- a. any Nuclear Reactor; or
- b. any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing Spent Fuel, or (3) handling, processing or packaging Waste; or
- c. any equipment or device used for the processing, fabricating, or alloying of Special Nuclear Material if at any time the total amount of such material in the custody of the Participant at the premises, where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235; or
- d. any structure, basin, excavation, premises, or place prepared or used for the storage or disposal of Waste, and includes the site on which any of the foregoing is located, all operations conducted on such site, and all premises used for such operations;

"Nuclear Reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"Property Damage" includes all forms of radioactive contamination of property.

**I. Mold**

**This coverage does not apply** to loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

"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.

**J. General Conditions.**

**1. Participant's Duties in the Event of Occurrence, Wrongful Act, Claim or Suit**

- a. Upon the Participant becoming aware of any Wrongful Act/Occurrence which could reasonably be expected to be the basis of a claim or suit covered hereby, written notice shall be given by or on behalf of the Participant to the Fund or any of its authorized agents as soon as practicable, together with the fullest information obtainable.
- b. If claim is made or suit is brought against the Participant or a Covered Person, the Participant shall immediately forward to the Fund every demand, notice, summons, or other process received by the Participant or its representative.
- c. The Participant or a Covered Person shall cooperate with the Fund and, upon the Fund's request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the Participant because of injury or damage with respect to which coverage is afforded under this Contract; and the Participant or a Covered Person shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The Participant or a Covered Person shall not, except at its or his own cost, voluntarily make any payment, assume any obligation, or incur any expense other than for first aid to others at the time of accident without the Fund's consent.

**2. Action Against the Fund.**

No action shall lie against the Fund unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this Contract, or until the amount of the Participant's obligation to pay shall have been finally determined either by judgment against the Participant after actual trial or by written agreement of the Participant, the claimant, and the Fund.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Contract to the extent of the coverage afforded by this Contract. No person or organization shall have any right under this Contract to join the Fund as a party in any action against the Participant or a Covered Person to determine the Participant's or a Covered Person's liability, nor shall the Fund be impleaded by the Participant or a Covered Person or its or his legal representative. Bankruptcy or insolvency of the Participant or a Covered Person shall not relieve the Fund of any of its obligations hereunder.

**3. Other Coverage.**

Such coverage as is provided under this Contract shall be excess over any other valid or collectible coverage.

**4. Cancellation.**

This Section V Professional Liability shall be canceled as provided in the General Provisions Section of this Contract.

**5. Subrogation.**

In addition to the subrogation provisions of the General Provisions Section of this Contract, the following shall apply in this Section V Professional Liability.

The Fund will have no rights of subrogation against any person or entity, which is a Covered Person under this Section V Professional Liability of this Contract; or against any other person or

entity, which the Participant has waived its right of subrogation against in writing before the time of loss.

**K. Definitions.**

1. "Advertising Injury" means an injury arising out of an offense committed during the Contract Period occurring in the course of the Named Participant's advertising activities if such injury arises out of libel, slander, defamation, violation of right of privacy, piracy, unfair competition, or infringement of copyright, title, or slogan.
2. "Bodily Injury" means bodily injury, sickness or disease sustained by a person including death as a result of an injury, sickness or disease at any time.
3. "Covered Persons" means
  - a. The Participant;
  - b. a person who is a lawfully elected or appointed official of the Participant while acting under the jurisdiction of the Participant or within the scope of his authority or apparent authority, express or implied, but only with respect to his liability while acting within the scope of his authority;
  - c. any employees of the Participant while acting within the scope of their duties;
  - d. a member of a commission, board, or other unit operating by and under the jurisdiction of the Participant and within apportionment of the total operating budget, and included on the application, provided that the coverage afforded shall not extend to any of the following boards, commissioners, or units unless specifically endorsed hereon or specifically included on the application: schools, airports, transit authorities, hospitals and health clinics, municipally owned gas or electric companies, housing authorities or fire stations; however, coverage does apply to the board of a health clinic owned by a health department which has paid a premium to the Fund to be included as a Participant for coverage under the contract.
  - e. any person who performs a service on a volunteer basis for the Participant and under its direction and control;
  - f. any person while providing services to the Participant under any mutual aid or similar agreement, or while acting as an agent for the Participant;
  - g. the law enforcement department of the Participant named in the Declarations Page of this Section V (Professional Liability) of this Contract; and
  - h. each individual law enforcement officer or other employee of such department as are officially employed in the law enforcement duties or control, but only in furtherance of the official pursuits of the law enforcement department or other Fund approved activities.

The coverage afforded by this Contract shall not extend to any of the following boards, commissioners, or units unless specifically endorsed hereon: schools, airports, transit authorities, hospitals and health clinics, municipally owned gas or electric companies, housing authorities or fire stations; however, coverage does apply to the board of a health clinic owned by a health department which has paid a premium to the Fund to be included as a Participant for coverage under this Contract;

4. "Damages" whenever used in this Contract means compensatory damages only and does not include fines or penalties.
5. "Employment Practice Violation (s)" means any actual or alleged:

- a. Wrongful dismissal, discharge or termination (either actual or constructive) of employment, including breach of an implied contract;
- b. Harassment (including sexual harassment whether hostile work environment, "quid pro quo", or otherwise);
- c. Discrimination of any type;
- d. "Retaliation";
- e. Employment related misrepresentation(s) either to an employee, volunteer or applicant of the Participant;
- f. Wrongful failure to employ or promote;
- g. Negligent evaluation or wrongful deprivation of career opportunity;
- h. Wrongful demotion;\*
- i. Defamatory or negative statements regarding an employee reference;

6. "Law Enforcement Employees" means persons described as Class A, Class B, and Class C, as follows:

"Class A" means those armed employees who deal directly with the public and exercise general powers of arrest. This category includes but is not limited to the following:

- a. county sheriff and chief deputy exercising powers of arrest;
- b. an officer exercising powers of arrest; and
- c. all personnel with regular street or road duties, or both, detectives and investigators.

"Class B" means those employees, armed or unarmed, who do not deal directly with the public or only exercise limited power of arrest under the direct supervision of a certified officer, or those employees who do not exercise power of arrest and whose duties are only administrative in nature. This category includes but is not limited to the following:

- a. jailers and matrons;
- b. auxiliary or reserve officers while on duty (under the direct supervision of a certified officer) exercising arrest powers;
- c. court security;
- d. civil process officers;
- e. auxiliary or reserve officers while on duty not exercising powers of arrest;
- f. coroner; and
- g. school crossing guards, humane officers, and crime prevention officers.

"Class C" means those employees whose ordinary duties are only indirectly related to the enforcement of criminal laws. This category includes but is not limited to the following:

- a. clerical staff, fingerprinting staff, license examination staff;
- b. stenographic personnel, food service staff, photographic staff; and
- c. dispatcher staff, and staff with record keeping duties.

7. "Occurrence" means an accident, neither intended nor expected, or a happening or event or a continuous or repeated exposure to conditions which results in Personal Injury, Bodily Injury, Advertising Injury or Property Damage during the Contract Period. All personal injuries to one or more persons and/or Property Damage arising out of an accident or a happening or event or continuous or repeated exposure to conditions shall be deemed an Occurrence.

8. "Participant" means the covered political subdivisions named in the Declarations Page.
9. "Personal Injury" means injury other than Bodily Injury arising out of one or more of the following offenses:
  - a. False arrest, false imprisonment, wrongful eviction, wrongful entry, detention, malicious prosecution, invasion of rights of privacy, libel, slander, or defamation of character, publication of disparaging materials, and assault and battery;
  - b. Mental injury, mental anguish, humiliation, erroneous service of civil papers, violation of civil rights, disparagement of property and discrimination;
  - c. Advertising injury;
10. "Property Damage" except in the Nuclear Exclusion means damage or destruction to loss of property, excluding, however, damage to property owned by the Participant. Property Damage also means loss of use of property that is not physically injured.
11. "Retaliation" means a wrongful act of the Participant in response to any of the following activities:
  - a. A political affiliation;
  - b. The actual or attempted exercise by an employee of the Participant of any right that such employee has under law;
  - c. The disclosure by an employee or volunteer to a superior or any outside authority of any act by the Participant which violates any rules or regulations that govern the Participant.
12. "Wrongful Act" means any actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty including misfeasance, malfeasance, nonfeasance and "Employment Practices Violation(s)" by a Covered Person while acting within the scope of his professional duties or Fund approved activities.



**NORTH CAROLINA COUNTIES LIABILITY AND PROPERTY INSURANCE POOL FUND**

**SECTION VI  
EQUIPMENT BREAKDOWN  
CONTRACT DECLARATIONS**

Participant: Duplin County  
 Certificate Number: LP-DU-031-03  
 Contract Period: From 07/01/2003 to 07/01/2004  
 Effective Time: 12:01 a.m., Eastern Standard Time

**SCHEDULE OF COVERAGES AND LIMITS**

COVERAGE	LIMIT
Equipment Breakdown	\$25,000,000
Property Damage	Included
Business Income	Included
Extra Expense	Included
Service Interruption	Included
Perishable Goods	\$25,000
Computer Equipment	\$100,000
Demolition and ICC	\$100,000
Expediting Expenses	\$100,000
Hazardous Substances	\$100,000
CFC Refrigerants	\$100,000
Newly Acquired Locations	\$1,000,000

**DEDUCTIBLE**

Direct Coverages	\$1,000
Indirect Coverages	24 Hours



**-SECTION VI-**

**EQUIPMENT BREAKDOWN COVERAGE**

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

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this Insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section G - DEFINITIONS. Examples are shown for illustrative purposes only and do not represent predicted or expected outcomes.

**A. COVERAGE**

This Equipment Breakdown Coverage provides insurance for a Covered Cause of Loss as defined in A.1. below. In the event of a Covered Cause of Loss, we will pay for loss as described in A.2. below.

**1. Covered Cause of Loss – "Accident"**

The Covered Cause of Loss for this Equipment Breakdown Coverage is an "accident." Without an "accident," there is no Equipment Breakdown Coverage.

a. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:

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

"Accident" does not include any condition or event listed in Definition G.1.b.

b. "Covered Equipment" means the following:

- (1) Unless specified otherwise in the Declarations:
  - (a) Equipment that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
  - (b) Equipment which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
- (2) Except as specifically provided for under Off Premises Property Damage, Service Interruption, Contingent Business Income and paragraph (2) of Perishable Goods, such equipment must be at a location described in the Declarations and must be owned or leased by you or operated under your control.

"Covered equipment" does not include any property listed in Definition G.8.b.

**2. Coverages Provided**

This section lists the coverages that may apply in the event of an "accident." Each coverage is subject to a specific limit as shown in the Declarations. See paragraph C.2. for details.

These coverages apply only to the direct result of an "accident." For each coverage, we will pay only for that portion of the loss, damage or expense that is solely attributable to the "accident."

**a. Property Damage**

We will pay for physical damage to "covered property" that is at a location indicated in the Declarations at the time of the "accident."

**b. Off Premises Property Damage**

If you have transportable "covered equipment" that, at the time of the "accident," is within the Coverage Territory, but is not:

- (1) At a location indicated in the Declarations; or
- (2) At any other location owned or leased by you,

we will pay for physical damage to such "covered equipment."

**c. Business Income**

- (1) We will pay your actual loss of "business income" during the "period of restoration" that results directly from the necessary total or partial interruption of your business.
- (2) We will also pay any necessary expenses you incur during the "period of restoration" to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (3) We will consider the actual experience of your business before the "accident" and the probable experience you would have had without the "accident" in determining the amount of our payment.

**d. Extra Expense**

We will pay the reasonable and necessary "extra expense" to operate your business during the "period of restoration."

**e. Service Interruption**

We will pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of an "interruption of service."

**f. Contingent Business Income**

We will pay for your loss and expense as defined under Business Income and Extra Expense coverages that results from an "interruption of supply."

**g. Perishable Goods**

- (1) We will pay for physical damage to "perishable goods" due to "spoilage."
- (2) We will also pay for physical damage to "perishable goods" due to "spoilage" that is the result of an "interruption of service."
- (3) We will also pay for physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia.
- (4) We will also pay any necessary expenses you incur during the "period of restoration" to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

**h. Data Restoration**

- (1) We will pay for your reasonable and necessary cost to research, replace or restore lost "data."
- (2) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of h.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Data Restoration limit.

**i. Demolition**

- (1) This coverage applies if an "accident" damages a building that is "covered property" and the loss is increased by an ordinance or law that:
  - (a) Requires the demolition of a building that is otherwise reparable;
  - (b) Is in force at the time of the "accident"; and
  - (c) Is not addressed under Hazardous Substances coverage.

- (2) We will pay for the following additional costs to comply with such ordinance or law:
  - (a) Your actual and necessary cost to demolish and clear the site of the undamaged parts of the building; and
  - (b) Your actual and necessary cost to reconstruct the undamaged parts of the building.
- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the "accident."
- (4) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of i.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Demolition limit.

**j. Ordinance or Law**

- (1) This coverage applies if an "accident" damages a building that is "covered property" and the loss is increased by an ordinance or law that:
  - (a) Regulates the construction or repair of buildings, including "building utilities";
  - (b) Is in force at the time of the "accident"; and
  - (c) Is not addressed under Demolition coverage or Hazardous Substances coverage.
- (2) We will pay for the following additional costs to comply with such ordinance or law:
  - (a) Your actual and necessary cost to repair the damaged portions of the building;
  - (b) Your actual and necessary cost to reconstruct the damaged portions of the building; and
  - (c) Your actual and necessary cost to bring undamaged portions of the building into compliance with the ordinance or law.
- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the "accident."
- (4) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of j.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Ordinance or Law limit.

**k. Expediting Expenses**

With respect to your damaged "covered property," we will pay the reasonable extra cost to:

- (1) Make temporary repairs; and
- (2) Expedite permanent repairs or permanent replacement.

**l. Hazardous Substances**

- (1) We will pay for the additional cost to repair or replace "covered property" because of contamination by a "hazardous substance." This includes the additional expenses to clean up or dispose of such property. This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in Perishable Goods, A.2.g.(3).
- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.
- (3) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of l.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Hazardous Substances limit.

**m. Newly Acquired Locations**

- (1) You will notify us promptly of any newly acquired location that you have purchased or leased during the Policy Period.
- (2) All coverages applicable to any scheduled location under this Equipment Breakdown Coverage are extended to a newly acquired location that you have purchased or leased during the Policy Period.
- (3) This coverage begins at the time you acquire the property. As respects newly constructed

properties, we will only consider them to be acquired by you when you have fully accepted the completed project.

- (4) This coverage ends when any of the following first occurs:
  - (a) This Policy expires;
  - (b) The number of days specified in the Declarations for this coverage expires after you acquire the location;
  - (c) The location is incorporated into the regular coverage of this policy; or
  - (d) The location is incorporated into the regular coverage of another Equipment Breakdown policy you have.
- (5) If limits or deductibles vary by location, the highest limits and deductibles will apply to newly acquired locations. However, the most we will pay for loss, damage or expense arising from any "one accident" is the amount shown as the Newly Acquired Locations limit in the Declarations.
- (6) We will charge you additional premium for newly acquired locations from the date you acquire the property.

**n. Course of Construction**

This coverage is automatically included and does not need to be indicated in the Declarations.

- (1) You will notify us promptly of any expansion or rehabilitation of any location described in the Declarations.
- (2) All coverages applicable to any location described in the Declarations are extended to an expansion or rehabilitation of that location.
- (3) This coverage begins at the time you begin the expansion or rehabilitation project.
- (4) We will charge you additional premium for newly acquired equipment from the date the equipment is installed.

**B. EXCLUSIONS**

We will not pay for any excluded loss, damage or expense, even though any other cause or event contributes concurrently or in any sequence to the loss, damage or expense.

1. We will not pay for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from an "accident."
  - a. **Fire and Explosion**
    - (1) Fire, including smoke from a fire.
    - (2) Combustion explosion. This includes, but is not limited to, a combustion explosion of any steam boiler or other fired vessel.
    - (3) Any other explosion, except as specifically provided in A.1.a.(3).
  - b. **Ordinance or Law**

The enforcement of, or change in, any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as specifically provided in A.2.i., j. and l. (Demolition, Ordinance or Law and Hazardous Substances coverages).
  - c. **Earth Movement**

Earth movement, whether natural or human-made, including but not limited to earthquake, shock, tremor, subsidence, landslide, rock fall, earth sinking, sinkhole collapse or tsunami.
  - d. **Nuclear Hazard**

Nuclear reaction, detonation or radiation, or radioactive contamination, however caused.
  - e. **War and Military Action**
    - (1) War, including undeclared or civil war,
    - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
    - (3) Insurrection, rebellion, revolution, usurped power, political violence or action taken by governmental authority in hindering or defending against any of these.

**f. Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow; or
- (3) Water that backs up or overflows from a sewer, drain or sump.

However, if electrical "covered equipment" requires drying out because of the above, we will pay for the amount you actually expend to dry out such equipment, subject to the applicable Property Damage limit and Direct Coverage deductible. We will not pay more than the Actual Cash Value of the affected electrical "covered equipment." We will not pay to replace such equipment or for any other loss, damage or expense.

**g. Failure to Protect Property**

Your failure to use all reasonable means to protect "covered property" from damage following an "accident."

**h. Fines**

Fine, penalty or punitive damage.

**i. Mold**

Mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean-up, remediation, containment, removal or abatement of such mold, fungus, mildew, yeast, spores or toxins. However, this exclusion does not apply to "spoilage" of personal property that is "perishable goods" to the extent that such "spoilage" is covered under Perishable Goods coverage.

**j. Deliberate Acts**

The deliberate act of any person to cause damage or harm, including but not limited to vandalism, malicious mischief or sabotage.

**2. We will not pay for an "accident" caused by or resulting from any of the following causes of loss:**

- a. Lightning.
- b. Windstorm or Hail. However, this exclusion does not apply when:
  - (1) "Covered equipment" located within a building or structure suffers an "accident" that results from wind-blown rain, snow, sand or dust; and
  - (2) The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.
- c. Collision or any physical contact caused by a "vehicle." This includes damage by objects falling from aircraft. However, this exclusion does not apply to any unlicensed "vehicles" which you own or which are operated in the course of your business.
- d. Riot or Civil Commotion.
- e. Leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of the system.
- f. Volcanic Action.
- g. An electrical insulation breakdown test.
- h. A hydrostatic, pneumatic or gas pressure test.
- i. Water or other means intended to extinguish a fire, even when such an attempt is unsuccessful.
- j. Elevator collision.

**3. We will not pay for an "accident" caused by or resulting from any of the following perils, if such peril is a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.**

- a. Falling Objects.
- b. Weight of Snow, Ice or Sleet.
- c. Water Damage, meaning discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam.

- d. Collapse.
  - e. Breakage of Glass.
  - f. Freezing caused by cold weather.
  - g. Discharge of molten material from equipment, including the heat from such discharged material.
4. Exclusions 2. and 3. do not apply if all of the following are true:
- a. The excluded peril occurs away from any location described in the Declarations and causes an electrical surge or other electrical disturbance;
  - b. Such surge or disturbance is transmitted through utility service transmission lines to a described location;
  - c. At the described location, the surge or disturbance results in an "accident" to "covered equipment" that is owned or operated under the control of you or your landlord; and
  - d. The loss, damage or expense caused by such surge or disturbance is not a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.
5. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:
- a. Loss associated with business that would not or could not have been carried on if the "accident" had not occurred;
  - b. Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business;
  - c. That part of any loss that extends beyond or occurs after the "period of restoration." This includes, but is not limited to:
    - (1) "Business income" that would have been earned after the "period of restoration," even if such loss is the direct result of the suspension, lapse or cancellation of a contract during the "period of restoration"; and
    - (2) "Extra expense" to operate your business after the "period of restoration," even if such loss is contracted for and paid during the "period of restoration."
  - d. Any increase in loss resulting from an agreement between you and your customer or supplier. This includes, but is not limited to, contingent bonuses or penalties, late fees, demand charges, demurrage charges and liquidated damages.
6. With respect to Off Premises Property Damage coverage, Service Interruption coverage, Contingent Business Income coverage and paragraph (2) of Perishable Goods coverage, we will also not pay for an "accident" caused by or resulting from any of the perils listed in Exclusion 3. above, whether or not such peril is a covered cause of loss under another coverage part or policy of insurance you have.
7. With respect to Data Restoration coverage, we will also not pay to reproduce:
- a. Software programs or operating systems that are not commercially available; or
  - b. "Data" that is obsolete, unnecessary or useless to you.
8. With respect to Demolition and Ordinance or Law coverages, we will also not pay for:
- a. Increased demolition or reconstruction costs until they are actually incurred; or
  - b. Loss due to any ordinance or law that:
    - (1) You were required to comply with before the loss, even if the building was undamaged; and
    - (2) You failed to comply with;whether or not you were aware of such non-compliance.

## C. LIMITS OF INSURANCE

Any payment made under this Equipment Breakdown Coverage will not be increased if more than one insured is shown in the Declarations or if you are comprised of more than one legal entity.

### 1. Equipment Breakdown Limit

The most we will pay for loss, damage or expense arising from any "one accident" is the amount shown as the Equipment Breakdown Limit in the Declarations.

### 2. Coverage Limits

- a. The limit of your insurance under each of the coverages listed in A.2. from loss, damage or expense arising from any "one accident" is the amount indicated for that coverage in the Declarations. These limits are a part of, and not in addition to, the Equipment Breakdown Limit. If an amount of time is shown, coverage will continue for no more than that amount of time immediately following the "accident." If a coverage is shown as "Included," that coverage is provided up to the remaining amount of the Equipment Breakdown Limit. If no limit is shown in the Declarations for a coverage, or if a coverage is shown as Excluded in the Declarations, that coverage will be considered to have a limit of \$0.
- b. If two or more coverage limits apply to the same loss or portion of a loss, we will pay only the smallest of the applicable limits for that loss or portion of the loss. This means that if:
  - (1) You have a loss under one of the coverages listed in A.2.; and
  - (2) All or part of the loss is not covered because the applicable coverage is Excluded or has a limit that is less than the amount of your loss,we will not pay the remaining amount of such loss under any other coverage.

#### EXAMPLE 1

Property Damage Limit: \$7,000,000

Business Income Limit: \$1,000,000

Newly Acquired Locations Limit: \$500,000

There is an "accident" at a newly acquired location that results in a Property Damage loss of \$200,000 and a Business Income loss of \$800,000.

We will pay \$500,000, because the entire loss is subject to the Newly Acquired Locations Limit of \$500,000.

#### EXAMPLE 2

Property Damage Limit: \$7,000,000

Business Income Limit: \$500,000

Hazardous Substances Limit: \$25,000

There is an "accident" that results in a loss of \$100,000. If no "hazardous substance" had been involved, the property damage loss would have been \$10,000 and the business income loss would have been \$20,000. The presence of the "hazardous substance" increased the loss by \$70,000 (increasing the clean up and repair costs by \$30,000 and increasing the business income loss by \$40,000).

We will pay \$55,000 (\$10,000 property damage plus \$20,000 business income plus \$25,000 hazardous substances).

## D. DEDUCTIBLES

### 1. Deductibles for Each Coverage

- a. Unless the Declarations indicate that your deductible is combined for all coverages, multiple deductibles may apply to any "one accident."
- b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss or damage exceeds the deductible amount indicated for that coverage in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit indicated in the Declarations.
- c. If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one accident," only the highest deductible for each coverage will apply.
- d. The following applies when a deductible is expressed as a function of the horsepower rating of a refrigerating or air conditioning system. If more than one compressor is used with a single system, the

horsepower rating of the largest motor or compressor will determine the horsepower rating of the system.

## 2. Direct and Indirect Coverages

- a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Declarations.
- b. Unless more specifically indicated in the Declarations:
  - (1) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss, regardless of where such coverage is provided in this Equipment Breakdown Coverage; and
  - (2) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this Equipment Breakdown Coverage.

### EXAMPLE

An "accident" results in covered losses as follows:

\$100,000 Total Loss (all applicable coverages)

\$ 35,000 Business Income Loss (including \$2,000 of business income loss payable under Data Restoration coverage)

\$ 5,000 Extra Expense Loss

In this case, the Indirect coverages loss totals \$40,000 before application of the Indirect Coverage Deductible. The Direct coverages loss totals the remaining \$60,000 before application of the Direct Coverage Deductible.

## 3. Application of Deductibles

### a. Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one accident" until the amount of loss, damage or expense exceeds the applicable deductible or deductibles shown in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible or deductibles, subject to the applicable limits shown in the Declarations.

### b. Time Deductibles

If a time deductible is shown in the Declarations, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident." If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

### c. Multiple of Average Daily Value (ADV) Deductibles

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the "business income" that would have been earned during the period of interruption had no "accident" occurred, divided by the number of working days in that period. The ADV applies to the "business income" value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the "period of restoration."

The number indicated in the Declarations will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.

### EXAMPLE

Business is interrupted, partially or completely, for 10 working days. If there had been no "accident," the total "business income" at the affected location for those 10 working days would have been \$5,000. The Indirect Coverages Deductible is 3 Times ADV.

$\$5,000 / 10 = \$500$  ADV

$3 \times \$500 = \$1,500$  Indirect Coverages Deductible

### d. Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated Minimum Deductible, the Minimum Deductible will be the applicable deductible.



**E. LOSS CONDITIONS**

The following conditions apply in addition to the Common Policy Conditions:

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Brands and Labels**

If branded or labeled merchandise that is "covered property" is damaged by an "accident," but retains a salvage value, you may, at your expense:

- a. Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or
- b. Remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law.

We will pay for any reduction in value of the salvage merchandise resulting from either of these two actions, subject to all applicable limits.

If a Brands and Labels Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

**3. Coinsurance - Business Income Coverage**

a. Unless otherwise shown in the Declarations, Business Income coverage is subject to coinsurance.

This means that we will not pay the full amount of any "business income" loss if the "business income actual annual value" is greater than the "business income estimated annual value" at the affected location at the time of the "accident." Instead, we will determine the most we will pay using the following steps:

- (1) Divide the "business income estimated annual value" by the "business income actual annual value" at the time of the "accident";
- (2) Multiply the total amount of the covered loss of "business income" by the amount determined in paragraph (1) above;
- (3) Subtract the applicable deductible from the amount determined in paragraph (2) above;

The resulting amount, or the Business Income Limit, whichever is less, is the most we will pay. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

b. Coinsurance applies separately to each insured location.

c. If you report a single "business income estimated annual value" for more than one location, without providing information on how that amount should be distributed among the locations, we will distribute the amount evenly among all applicable locations.

**EXAMPLE 1 (Underinsurance)**

When:

The "business income actual annual value" at the location of loss at the time of the "accident" is \$200,000.

The "business income estimated annual value" shown in the Declarations for the location of loss is \$100,000.

The actual loss of "business income" resulting from the "accident" is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1:  $\$100,000 / \$200,000 = .5$

Step 2:  $\$40,000 \times .5 = \$20,000$

Step 3:  $\$20,000 - \$5,000 = \$15,000$

The total "business income" loss recovery, after deductible, would be \$15,000. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

We will also charge you an additional premium in recognition of the actual "business income annual value."

**EXAMPLE 2 (Adequate insurance)**

When:

The "business income actual annual value" at the location of loss at the time of the "accident" is \$200,000.  
The "business income estimated annual value" shown in the Declarations for the location of loss is \$200,000.

The actual loss of "business income" resulting from the "accident" is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1:  $\$200,000 / \$200,000 = 1$

Step 2:  $\$40,000 \times 1 = \$40,000$

Step 3:  $\$40,000 - \$5,000 = \$35,000$

The total "business income" loss recovery, after deductible, would be \$35,000.

**4. Coinsurance – Coverages other than Business Income**

Coverages other than Business Income may be subject to coinsurance if so indicated in the Declarations. If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of the property subject to the coverage at the time of the "accident" times the Coinsurance percentage shown for it in the Declarations is greater than the applicable limit.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of the property subject to the coverage at the time of the "accident" by the Coinsurance percentage;
- (2) Divide the applicable limit by the amount determined in step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the amount determined in step (2); and
- (4) Subtract the deductible from the amount determined in step (3).

We will pay the amount determined in step (4) or the applicable limit, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

- b. Coinsurance applies separately to each insured location.

**EXAMPLE 1 (Underinsurance)**

When:

The actual value of "perishable goods" at the location of loss at the time of the "accident" is \$200,000.

The Perishable Goods limit is \$100,000 @ 80% coinsurance.

The loss under Perishable Goods coverage resulting from the "accident" is \$60,000.

The Perishable Goods deductible is \$5,000.

Step 1:  $\$200,000 \times 80\% = \$160,000$

Step 2:  $\$100,000 / \$160,000 = .625$

Step 3:  $\$60,000 \times .625 = \$37,500$

Step 4:  $\$37,500 - \$5,000 = \$32,500$

The total Perishable Goods loss recovery, after deductible, would be \$32,500. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

**EXAMPLE 2 (Adequate insurance)**

When:

The actual value of "perishable goods" at the location of loss at the time of the "accident" is \$100,000.

The Perishable Goods limit is \$100,000 @ 80% coinsurance.

The loss under Perishable Goods coverage resulting from the "accident" is \$60,000.

The Perishable Goods deductible is \$5,000.

Step 1:  $\$100,000 \times 80\% = \$80,000$

Step 2:  $\$100,000 / \$80,000 = 1.25$

Coinsurance does not apply.

Step 3:  $\$60,000 - \$5,000 = \$55,000$

The total Perishable Goods loss recovery, after deductible, would be \$55,000.

**5. Defense**

We have the right, but are not obligated, to defend you against suits arising from claims of owners of property in your care, custody or control. When we do this, it will be at our expense.

**6. Duties in the Event of Loss or Damage**

You must see that the following are done in the event of loss or damage:

- a. Give us a prompt notice of the loss or damage, including a description of the property involved.
- b. You must reduce your loss, damage or expense, if possible, by:
  - (1) Protecting property from further damage. We will not pay for your failure to protect property, as stated in Exclusion B.1.g.;
  - (2) Resuming business, partially or completely at the location of loss or at another location;
  - (3) Making up lost business within a reasonable amount of time. This includes working extra time or overtime at the location of loss or at another location. The reasonable amount of time does not necessarily end when the operations are resumed;
  - (4) Using merchandise or other property available to you;
  - (5) Using the property or services of others; and
  - (6) Salvaging the damaged property.
- c. Allow us a reasonable time and opportunity to examine the property and premises before repair or replacement is undertaken or physical evidence of the "accident" is removed. But you must take whatever measures are necessary for protection from further damage.
- d. Make no statement that will assume any obligation or admit any liability, for any loss, damage or expense for which we may be liable, without our consent.
- e. Promptly send us any legal papers or notices received concerning the loss, damage or expense.
- f. As often as may be reasonably required, permit us to inspect your property, premises and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- g. If requested, permit us to examine you and any of your agents, employees and representatives under oath. We may examine any insured under oath while not in the presence of any other insured. Such examination:
  - (1) May be at any time reasonably required;
  - (2) May be about any matter relating to this insurance, your loss, damage or expense, or your claim, including, but not limited to, your books and records; and
  - (3) May be recorded by us by any methods we choose.
- h. Send us a signed, sworn proof of loss containing the information we request. You must do this within 60 days after our request.
- i. Cooperate with us in the investigation and settlement of the claim.

**7. Errors and Omissions**

- a. We will pay your loss covered by this Equipment Breakdown coverage if such loss is otherwise not payable solely because of any of the following:
  - (1) Any error or unintentional omission in the description or location of property as insured under this policy;
  - (2) Any failure through error to include any premises owned or occupied by you at the inception of this policy; or
  - (3) Any error or unintentional omission by you that results in cancellation of any premises insured under this policy.
- b. No coverage is provided as a result of any error or unintentional omission by you in the reporting of values or the coverage you requested.
- c. It is a condition of this coverage that such errors or unintentional omissions shall be reported and corrected when discovered. The policy premium will be adjusted accordingly to reflect the date the premises should have been added had no error or omission occurred.

- d. If an Errors and Omissions Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

**8. Proving Your Loss**

It is your responsibility, at your own expense, to provide documentation to us:

- a. Demonstrating that the loss, damage or expense is the result of an "accident" covered under this Equipment Breakdown Coverage; and
- b. Calculating the dollar amount of the loss, damage and expense that you claim is covered.

Your responsibility in 8.a. above is without regard to whether or not the possible "accident" occurred at your premises or involved your equipment.

**9. Salvage and Recoveries**

When, in connection with any loss under this Equipment Breakdown Coverage, any salvage or recovery is received after the payment for such loss, the amount of the loss shall be refigured on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other shall be paid promptly.

**10. Valuation**

We will determine the value of "covered property" as follows:

- a. Except as specified otherwise, our payment for damaged "covered property" will be the smallest of:
  - (1) The cost to repair the damaged property;
  - (2) The cost to replace the damaged property on the same site; or
  - (3) The amount you actually spend that is necessary to repair or replace the damaged property.
- b. The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.
- c. Except as described in d. below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.

**d. Environmental, Safety and Efficiency Improvements**

If "covered equipment" requires replacement due to an "accident," we will pay your additional cost to replace with equipment that we agree is better for the environment, safer for people or more energy efficient than the equipment being replaced, subject to the following conditions:

- (1) We will not pay more than 125% of what the cost would have been to replace with like kind and quality;
- (2) We will not pay to increase the size or capacity of the equipment;
- (3) This provision only applies to Property Damage coverage;
- (4) This provision does not increase any of the applicable limits;
- (5) This provision does not apply to any property valued on an Actual Cash Value basis; and
- (6) This provision does not apply to the replacement of component parts.

**e. The following property will be valued on an Actual Cash Value basis:**

- (1) Any property that does not currently serve a useful or necessary function for you;
- (2) Any "covered property" that you do not repair or replace within 24 months after the date of the "accident"; and
- (3) Any "covered property" for which Actual Cash Value coverage is specified in the Declarations.

Actual Cash Value includes deductions for depreciation.

**f. If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:**

- (1) The property was manufactured by you;
- (2) The sales price of the property is less than the replacement cost of the property; or
- (3) You are unable to replace the property before its anticipated sale.

**g. Except as specifically provided for under Data Restoration coverage, "data" and "media" will be valued**

on the following basis:

- (1) For mass-produced and commercially available software, at the replacement cost.
  - (2) For all other "data" and "media," at the cost of blank "media" for reproducing the records. We will not pay for "data" representing financial records based on the face value of such records.
- h. Air conditioning or refrigeration equipment that utilizes a refrigerant containing CFC (chlorofluorocarbon) substances will be valued at the cost to do the least expensive of the following:
- (1) Repair or replace the damaged property and replace any lost CFC refrigerant;
  - (2) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
  - (3) Replace the system with one using a non-CFC refrigerant.

In determining the least expensive option, we will include any associated Business Income or Extra Expense loss. If option (2) or (3) is more expensive than (1), but you wish to retrofit or replace anyway, we will consider this better for the environment and therefore eligible for valuation under paragraph d., Environmental, Safety and Efficiency Improvements. In such case, E.10.d.(1) is amended to read: "We will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality."

## F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

### 1. Additional Insured

If a person or organization is designated in this Equipment Breakdown Coverage as an additional insured, we will consider them to be an insured under this Equipment Breakdown Coverage only to the extent of their interest in the "covered property."

### 2. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve you or us of any obligation under this Equipment Breakdown Coverage.

### 3. Concealment, Misrepresentation or Fraud

We will not pay for any loss and coverage will be void if you or any additional insured at any time:

- a. Intentionally cause or allow loss, damage or expense in order to collect on insurance; or
- b. Intentionally conceal or misrepresent a material fact concerning:
  - (1) This Equipment Breakdown Coverage;
  - (2) The "covered property";
  - (3) Your interest in the "covered property"; or
  - (4) A claim under this Equipment Breakdown Coverage.

### 4. Jurisdictional Inspections

It is your responsibility to comply with any state or municipal boiler and pressure vessel regulations. If any "covered equipment" that is "covered property" requires inspection to comply with such regulations, at your option we agree to perform such inspection.

### 5. Legal Action Against Us

No one may bring a legal action against us under this Equipment Breakdown Coverage unless:

- a. There has been full compliance with all the terms of this Equipment Breakdown Coverage; and
- b. The action is brought within three years after the date of the "accident" or
- c. We agree in writing that you have an obligation to pay for damage to "covered property" of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this policy to bring us into an action to determine your liability.

### 6. Liberalization

If we adopt any standard form revision for general use that would broaden the coverage under this Equipment Breakdown Coverage without additional premium, the broadened coverage will apply to this Equipment Breakdown Coverage commencing on the date that such revision becomes effective in the jurisdiction where the "accident" occurs.