

**HOUSING AUTHORITIES
RISK RETENTION POOL**

COVERAGE AGREEMENT

(as of January 1, 2024)

HOUSING AUTHORITIES RISK RETENTION POOL

GENERAL DEFINITIONS

Words and phrases in *italicized* print in the *coverage agreement* and *coverage parts* have the meanings set forth below or in a *coverage part*.

Throughout the *coverage agreement*, *you* and *you*” refer to the *covered entity* or member authority. *We* and *us* refer to HARRP.

1. *Additional Covered Party* means any person, organization, trustee or estate that is specifically endorsed to this *coverage agreement* and to whom or to which the *covered entity* is obligated by virtue of a written agreement to provide coverage as is afforded by this *coverage agreement*, but only with respect to operations performed by or on behalf of the covered entity or to facilities used by the *covered entity*. The limit and scope of coverage afforded by endorsement to this *coverage agreement* shall be no broader than that which is required by such agreement and shall in no event be broader than the coverage afforded by the written endorsement under this *coverage agreement*.
2. *Amendment* means any written endorsement that alters coverage terms as described in this *coverage agreement*.
3. *Automobile* means a land motor vehicle or trailer or semi-trailer designed and licensed for travel on public roads or subject to motor vehicle registration.
4. *Claims-made coverage* means that the act alleged to have created the liability and the claim against the covered party must both have taken place during the coverage period. Errors and Omissions and Crime coverages are written on a *claims-made* basis.
5. *Coverage agreement* means the entire *coverage agreement* issued for the *coverage period* shown on the *Information Pages*.
6. *Coverage part* means the section of the *coverage agreement* setting forth the terms, definitions, conditions, and limitations of indemnification for the risk described. *Coverage part* may also refer to an extension of coverage or additional coverage within a *coverage part*.
7. *Covered entity* means the member public housing authority identified in the *Information Pages*.
8. *Covered location* means a location which is owned by, leased by or in which a *covered entity* has an insurable interest and which is covered by this *coverage agreement* by having been revealed in writing to us and been subjected to the appropriate premium charge.
9. *Covered party* means:
 - a. *You*, as the *covered entity*;
 - b. *Your employees*, elected or appointed officials and authorized volunteers while acting for *you* or on *your* behalf, including all commissions, agencies, boards, authorities, or similar entities which operate under *your* supervision or control but only for acts within the scope of their employment by *you* or when performing duties related to the conduct of *your* business; and
 - c. Anyone else while operating, with *your* permission, an

automobile you own, hire or borrow if the Automobile Liability coverage is purchased.

- d. A *covered party's* spouse if a claim is made against the *covered party's* spouse solely because of the spousal status or because of the spouse's ownership interest in property or assets that are sought as recovery from the *covered party*. The extension of coverage does not apply to a claim arising out of the spouse's independent acts.
10. *Defense costs* means all fees and expenses caused by and relating to the adjustment, investigation, defense or litigation of a claim or *suit* including attorney's fees, court costs and interest on judgments accruing after entry of judgment. Defense costs shall not include *our* or *your* office expenses or salaries of employees.

11. *Employee* means:

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

- c. Volunteers while performing services for *you* under *your* direction and control.

Employee does not mean any:

- a. Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- b. Director or commissioner except while acting, in good faith, in his/her official capacity as an agent of the *covered entity*.

12. *Information Pages* means the *Information Pages* attached to and incorporated into this *coverage agreement*, setting forth the specifics of the coverages, limits, deductibles, contributions and special provisions elected by the *covered entity*, including any modifications made by issuance of any amendatory *Information Pages* or endorsements as well as schedules of covered locations, contents, and rents at renewal..

13. *Suit* means a civil proceeding in which damages because of *bodily injury, property damage, or errors and omissions* to which this coverage applies are alleged. *Suit* includes an arbitration or mediation proceeding, conducted subsequent to the filing of the lawsuit, to which *you* must submit because of a law, regulation or other governmental authority, but does not include arbitration proceedings required under a collective bargaining or other agreement.

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HOUSING AUTHORITIES RISK RETENTION POOL
GENERAL CONDITIONS

The following General Conditions apply to all *coverage parts* included in this *coverage agreement*.

A. Representations

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

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

B. Concealment, Misrepresentation or Fraud

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

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

C. Minimum Term of Participation, Termination and Term for Reapplication

1. Each participating *Member* agrees to remain in HARRP for a period of not less than three (3) years, beginning on the date upon which the Coverage

Terms first became effective., A participating Member may terminate its membership in HARRP at any time after such three-year period has expired upon giving 90 days prior written notice of termination of participation and providing the effective date of cancellation. Once participation in HARRP is terminated, the Member cannot re-apply for coverage for a period of three years from the date of withdrawal and must conform to the underwriting criteria that is currently in place at the time of re-application. The member may not be double covered with the coverage afforded by HARRP and any other insurance. If double covered, HARRP will be the secondary payor to the other insurer.

2. *We* may cancel this *coverage agreement* or any *coverage part* by mailing or delivering to the *covered entity* written notice of cancellation or expulsion in accordance with the applicable section of the Intergovernmental Cooperation Agreement currently in effect at least:

- a. Sixty (60) days before the effective date of cancellation if *we* cancel for nonpayment of premium or other reasons stated in the applicable section of the Intergovernmental Cooperation Agreement currently in effect; or

- b. At the *covered entity's* next renewal date, upon sixty (60) days notice, if *we* cancel for any other reason, in accordance with the applicable section of the Intergovernmental Cooperation Agreement currently in effect.

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

D. Non-Renewal/Expulsion

If *we* decide not to renew this *coverage agreement* or any *coverage part*, *we* will provide the *covered entity* notice in accordance with the expulsion procedures contained in the applicable section of the Intergovernmental Cooperation Agreement currently in effect.

E. Changes

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

F. Liberalization

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

G. Examination of Your Books and Records

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

H. Inspections and Surveys

We have the right but are not obligated to:

1. Make inspections and site visits at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes and impose additional coverage conditions in accordance with the applicable section of the Intergovernmental Cooperation Agreement currently in effect.

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

This condition applies not only to *us*, but also to any consultants or similar persons or organizations which makes

inspections, site visits, reports or recommendations on *our* behalf.

I. Premiums

The *covered entity* shown in the Information Pages:

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

We compute all premiums for this *coverage agreement* in accordance with *our* rules, rates, rating plans, premiums and minimum premiums in effect at the time the *coverage agreement* is issued. At the close of each *coverage period* *we* have the right to recompute the premiums. This may produce an additional or return premium. The *covered entity* must keep and provide to *us* the records *we* need for premium computation at each anniversary. On each renewal, continuation or anniversary of the effective date of this *coverage agreement*, *we* will compute the premium in accordance with our rates and rules then in effect.

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

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

K. Bankruptcy

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

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

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

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

3. *You* and any other *covered party* must:
 - a. Immediately send *us* copies of any demands, notices, summonses or legal papers received in connection with the claim or *suit*;
 - b. Authorize *us* to obtain records, property samples, property

inventories and other necessary information;

- c. Cooperate with *us* in the investigation, settlement or defense of the claim or *suit*;
 - d. Assist *us*, upon *our* request, in the enforcement of any right against any person or organization which may be liable to *you* because of injury or damage to which this *coverage agreement* may apply;
 - e. Submit to examinations under oath upon *our* request and give *us* a signed statement of *your* answers and a description of the loss;
 - f. Resume all or part of the *covered entity's* operations as quickly as possible.
4. No covered *party* will, except at its own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without *our* written consent.
 5. *You* must notify the police if any laws have been broken.
 6. *You* must take reasonable steps to protect *your* property or any evidence and save it for *our* examination.
 7. *You* must provide a sworn statement of loss on *your* damaged property claim within sixty (60) days of *our* request and within one hundred twenty (120) days following notice of a Crime claim.
 8. *You* must make all reasonable efforts to resume operations as quickly as possible.

M. Legal Action Against Us

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

1. To join *us* as a party or otherwise bring *us* into a *suit* asking for damages from a *covered party*; or
2. To sue *us* on any *coverage part* unless all terms and conditions of this *coverage agreement* and the Intergovernmental Cooperation Agreement currently in effect have been fully complied with.

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

N. Other Coverage

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

1. Primary Coverage

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

2. Excess Coverage

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

- a. That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for *your* work, or is for covered locations rented to *you*;
- b. That is commercial general liability (or equivalent coverage) available to *you* as a Named Insured or Insured (including additional insured);
- c. That is coverage for non-owned automobiles and owned trailers attached to non-owned automobiles.

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

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

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

liability shown on the Information Pages.

3. Method of Sharing

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

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

O. Separation of Covered Parties

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

P. Transfer of Rights of Recovery Against Others to Us

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

Q. Arbitration

If an irreconcilable difference of opinion should arise concerning the coverage or exclusions contained in this *coverage agreement*, the difference shall be

resolved by submission of the issue to arbitration.

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

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

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

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

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

among the Arbitrator(s) chosen for the individual proceedings.

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

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

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

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

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

The Arbitrator(s) shall not render a decision which is in violation of any law or public policy or the Intergovernmental Cooperation Agreement currently in effect.

R. Mistake in Description

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

S. Coverage Extensions

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

T. Coverage Period

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

U. Non-Accumulation of Limits of Liability

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

V. Ownership of Property; Interests Covered

The property covered under the Property *coverage part* is limited to property that

you own or hold or for which *you* are legally liable.

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

W. Records

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

X. Recoveries

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

Y. Transfer of Ownership

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

Z. Limit of Liability

Our total limit of liability is limited to *our* cash, investments and tangible assets (including reinsurance and excess insurance recoveries) as stated in the applicable section of the Intergovernmental Cooperation Agreement currently in effect.

AA. Participation in Affiliated Entities, Instrumentalities and Partnerships

With regard to all claims actual or alleged, arising out of operations or management of affordable housing or any other entity which does not qualify for HARRP pooled coverages (e.g. instrumentality, affiliate, non-profit, partner of the *covered entity*, private owners of managed property, or similar entity), *our* total limit of liability and *your* total coverage limits for any such claim, regardless of the number of claimants or the number of coverages involved, is equal to \$150,000 and does not include any reinsurance, excess insurance or other insurance of any kind. *Our* aggregate limit of liability for any such claim in any one year of coverage for any *covered entity* shall

not exceed \$300,000. Such *coverage* shall only apply for the *covered entity's* own operations for the aforementioned entities and is subject to all applicable terms, definitions, conditions and exclusions. Sublimits are not applicable to *general liability* and *errors and omissions coverage* for properties that are managed but not owned by *covered entity*.

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

BB. Coverage from Affordable Housing Risk Pool

No member authority may obtain coverage from the Affordable Housing Risk Pool for any risk or property that is eligible for coverage under this *coverage agreement*, with the sole exception of providing liability coverage for contract property managers.

HOUSING AUTHORITIES RISK RETENTION POOL

GENERAL EXCLUSIONS

These exclusions and those in the *coverage parts* forming this *coverage agreement* restrict or eliminate coverage. *You* should read and be familiar with them so that *you* can make alternative provisions for coverage or take steps to minimize or eliminate risk.

The exclusions set forth below apply to all *coverage parts*. There is no coverage for any actual or alleged liability for loss or damage of any kind or nature, including but not limited to damage to property, *bodily injury*, and *property damage*, regardless of any otherwise covered cause, event, or peril contributing concurrently or in any other sequence to the loss or damage, arising out of or in connection with the following:

A. Internet and Electronic Data Loss and Liability

1. Content on the Internet, including but not limited to actual or alleged liability arising from exposure or access to the content.
2. Complete or substantial failure, disablement or shutdown of the Internet, regardless of cause.
3. The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data, regardless of cause, except as provided in the *Property coverage part* for restoration of valuable papers.
4. The release of electronic data containing protected health information or confidential information.
5. Violation of a person's right to privacy or any other harm allegedly resulting from the release of information stored by the *covered entity* relating to a person's health, disability, or finances, including but not limited to social security information.

Electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any

other media which are used with electronically controlled equipment.

B. Abuse

1. The actual or threatened abuse or molestation by anyone of any person.
2. The negligent employment, investigation, supervision, or retention of a person whose conduct would be excluded by 1. above.
3. Reporting or failing to report to the proper authorities a person whose conduct would be excluded by 1. above.

This exclusion does not apply to allegations based solely on the vicarious liability of the *covered entity*.

C. Pollution

1. Any *bodily injury*, *property damage*, or direct physical loss or damage to any property, which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape or presence of *pollutants* at any time at or from any premises owned by, operated by, or managed by any *covered entity*.
2. Loss, cost or expense arising out of any:
 - a. Request, demand, order or statutory or regulatory requirement that any person or

entity test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of *pollutants*;

- b. Removal of any property or waste, whether or not required by order, regulation, or statute, necessary because of exposure to *pollutants*; or
 - c. Claim or *suit* by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of *pollutants*.
3. The exclusion applies regardless of whether:
- a. The person or entity is regularly or otherwise engaged in activities which taint or degrade the environment; or
 - b. The person or entity uses, generates or produces the *pollutant*.
4. The exclusion does not apply to smoke damage or injury from a hostile fire.

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

D. Fungus, Mold, Dry or Wet Rot

The presence, growth, proliferation, spread or any activity of mold, *fungus*, wet or dry rot or bacteria.

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

E. Asbestos and Lead

To the extent not included in the Pollution exclusion set forth above, the presence or effects of asbestos and asbestos products in any form or substance, and the presence or effect of lead in any form or substance.

F. Construction Defects and Supervision

1. The preparation of plans, specifications, drawings, maps, change orders, opinions or designs by any person or entity;
2. The testing for or protection from soil erosion or subsidence, ground water, wet or dry rot by any person or entity;
3. Work or material used in the construction, renovation, repair of any building, structure, or project by any person or entity; or
4. The retention or supervision of any project, person or entity connected in any way to design, testing, renovation, repair, or construction of any building, structure, or project.

G. Bankruptcy

The *covered entity's* bankruptcy, insolvency, receivership, liquidation or inability of any *covered party* to pay its debts or liabilities or to perform its obligations.

H. War

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 or revolution, or any similar act or incident.

I. Nuclear Material

1. The release of any radioactive, or toxic materials from the operation of any nuclear reactor or from any structure or premises used for the storage of nuclear waste;
2. The release of any radioactive, toxic or explosive material from any nuclear weapon; or
3. Any exposure to radiation, radioactive contamination, or the hazardous properties of nuclear material, which means secure material, special nuclear material or by-product material all as defined in the Atomic Energy Act of 1954 and its amendments.

J. Class Actions

Class actions or a similar representative lawsuit.

K. Flood Insurance

The failure to comply with, attempting to comply with, or compliance with the provisions of the National Flood Insurance Act of 1968 as amended or any similar federal, state or local laws.

L. Debt Financing and Tax Credits

Debt financing and equity financing, including but not limited to bonds,

notes, debentures, tax credit partnerships, including recapture of tax credits and guarantee of debt.

M. Non-Monetary Damages

Relief or redress sought in any form other than monetary damages, including but not limited to claims for injunctive relief, declaratory relief, and writ of mandamus..

N. Punitive Damages

Fines, penalties, punitive damages, multiple damages, exemplary or similar damages.

O. Inadequate Insurance or Coverage

The alleged failure of any *covered party* acting in the capacity of general partner, a property manager, or in any other capacity, of another entity, or as a member of the management or governing body of any other entity to secure and/or maintain adequate insurance or coverage for the properties and operations of such entities.

P. Willful Violation of Statute

The willful violation of a statute or ordinance committed by or with the consent of the *covered party*.

Q. Fraudulent or Dishonest Acts

The fraudulent or dishonest acts or omissions of the *covered party*.

R. Wrongful Profit or Advantage

Allegations that a *covered party* has gained any profit or advantage to which the *covered party* was not entitled. However, any fact pertaining to one *covered party* shall not be imputed to another *covered party* for purposes of

determining the application of this exclusion.

S. Public Safety and Security Personnel

Any act or omission of a public safety department, law enforcement agency (including agents and employees thereof) or armed security personnel.

U. Seizure of Property

Seizure of destruction of property by order of a governmental authority.

HOUSING AUTHORITIES RISK RETENTION POOL

PROPERTY COVERAGE

This *coverage part* applies to direct physical loss of or damage to *covered property*, which includes *your* buildings, structures, *contents* and personal property listed in Item 3 of the *Information Pages* and for which values are reported to *us*, and includes the property listed below, except as otherwise excluded. Coverage under this *coverage part* is subject to applicable deductibles.

A. Covered Property

The interest of the *covered entity* in all buildings and structures listed in Item 3 of the *Information Pages* and in all *contents* and personal property owned, used or intended for use by the *covered entity*, on a given site or in the open within 500 feet thereof, owned by the *covered entity* or in which the *covered entity* has an insurable interest or which the *covered entity* is under obligation to insure, and includes:

1. Improvements and betterments introduced by the *covered entity* to buildings not owned by the *covered entity*. In the event of loss or damage, the *covered entity* shall be treated as sole and unconditional owner of improvements and betterments, notwithstanding any agreement or lease to the contrary.
2. Trailers, riding mowers, towed equipment, golf carts and vehicles not licensed for travel on public roads, when such items are included in the "Contents Value" of the location where they are most often used or stored. Loss will be settled on an *actual cash value* basis.
3. All supplies, tools, and permanent fixtures pertaining to the services of the building.

B. Extensions of Coverage

1. The expense of removing debris from *covered property* which originates from a covered peril causing damage therein. There is no coverage for the expense of removing or containing contaminated

property. Contamination is a pollutant. There is coverage for the cost of complying with any law, ordinance or order of civil authority regarding the removal or disposal of *covered property* at a *covered location* unless otherwise excluded. In no event shall payment for debris removal exceed 25% of the amount of the direct physical loss to covered property at the *covered location* as a result of any one loss.

2. Your covered property that has been temporarily removed from a *covered location* for the purpose of being repaired, serviced, exhibited, or to avoid threatened damage from any peril covered by this *coverage part*. This does not include property otherwise covered or insured, property excluded under this *coverage part* or property removed from a *covered location* for normal storage.

Loss under this clause is limited to an amount not exceeding \$50,000, or the declared amount of the property, whichever is smaller, for a period of sixty (60) days from the date of removal.

3. The premium paid by the qualified low bidder for any faithful performance or bid bond required by law or regulation that is applicable to the work required to restore the *covered entity's covered property* to full use and occupancy.
4. The interest of the *covered entity* in the buildings and personal property of others in the *covered entity's* care, custody or control or the *covered entity's* liability imposed by law or

assumed by agreement, for such property, except for *automobiles*.

5. Personal property, other than *automobiles* and their *contents*, of the *covered entity's* officials and *employees* while on the premises of the *covered entity*, provided values do not exceed \$250 per *employee* and are substantiated following a reported loss.
6. Subject to Excluded Cause of Loss 6, the cost to replace or restore valuable papers and records, which means assembled information relating to the *covered entity's* operations and is contained in written, printed, or otherwise inscribed documents or as electronic data, and for which duplicates do not exist. This coverage is in an amount not to exceed \$10,000 and applies to damage or destruction resulting from *specified perils*.
7. The reproduction or replacement of software or licensed programs damaged or destroyed by *specified perils*, limited to \$50,000.
8. Personal property in transit within and between the territorial limits of this coverage *agreement* including coastal waters, by any means of conveyance. Liability under this transit clause is limited to \$10,000.
9. Loss or damage to outdoor fences, retaining walls, towers and antennas, signs, trees, shrubs, and plants caused by *specified perils*. The limit of this coverage is \$10,000 (no single tree, shrub or plant in excess of \$250) per loss and valuation will be *actual cash value*.
10. Loss or damage to covered property rented, leased, or occupied by you, or that is in your care, custody or control, resulting from a covered cause of loss. This coverage does not apply to property you own and payment will be

adjusted for the account of the property owner. This coverage is limited to \$100,000 per loss. (Fire/Tenant Legal)

C. Additional Coverages

1. Towed and Mobile Equipment

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

This coverage does not include:

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

2. Rental Income Coverage

This *coverage part* covers loss of rents sustained by the *covered entity* if the premises listed on the current schedule become untenable because of damage to or destruction of the premises resulting from a covered peril.

The actual amount of Rental Income coverage for which *we* are liable is the verified reduction of rental income from dwelling units directly affected by the damage to or destruction of the covered premises, reduced by charges and expenses which do not continue during the period of untenability. The period of untenability commences on the date of damage or destruction of the premises and continues for only such length of time as would be required, with the exercise of due diligence, to repair, rebuild or replace such parts of the premises which have been damaged or destroyed. Any subsequent vacancy due to rental market conditions or other circumstances will not be included in calculating rental income losses.

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

a. Period of Recovery

The period of time for which loss may be claimed shall not exceed the period of time required, with the exercise of due diligence and dispatch, to rebuild, repair, or replace the part of the property destroyed, or damaged. The period of time, in case of disagreement, shall be determined by arbitration in the manner set forth in the General Conditions.

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

any loss occurring to property in transit off premises.

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

b. Interruption by Civil or Military Authority

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

c. Ingress/Egress

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

d. Non-Owned Adjacent Property

This coverage is extended to include loss (not exceeding two weeks) resulting from physical damage to non-owned adjacent property which renders the *covered entity's* property untenable. All deductibles are waived for this provision.

3. Fire Department Charges and Extinguishing Expenses

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

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

4. Demolition and Increased Cost of Construction

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

- a. The cost of demolishing the undamaged building, required by such regulations, including the cost of clearing the site;
- b. The increased cost of repair or reconstruction of the damaged units or common areas of the building on the same site, limited to the minimum requirements of any law or ordinance regulating the repair or reconstruction of the damaged property with like material, quality, size and style and for like occupancy and use on the same property. *We* shall not be liable, however, for any increased cost of construction, unless the damaged unit(s) is/are actually rebuilt or replaced; nor shall *we* be responsible for the cost of betterments not required by law or ordinance. *We* shall not be responsible for additional costs attributable to providing additional required parking spaces or for services not previously provided at the covered location.
- c. Our total liability for the entire property loss shall not exceed 125% of the reported value of the damaged building(s). In a multi-building development, *our*

liability extends to 125% of the reported value of each of the buildings in the development. If a *covered entity* is alerted that a location’s value appears inadequate, then the *covered entity* must increase its agreed value, produce a valuation report justifying the reported value or accept no more than 100% of the reported value in coverage.

5. Expediting Expense

This *coverage part* covers the reasonable extra cost of temporary repair and of expediting the repair of damaged property covered hereunder, including overtime and express freight or other rapid means of transportation, where such is necessary and approved in writing by us. This *coverage part* covers the extra expenses associated with the loss to a *covered entity’s* administration office and temporary costs, such as housing, furnishings, data and phone systems, relocation and storage of materials, up to a limit of \$100,000 per covered event.

6. Consequential Loss

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

D. Definitions

1. *Actual cash value* means the cost to replace or repair damaged property, less depreciation, and shall be the lesser of:

- a. The cost of repair; or
 - b. The cost to replace with like kind and quality.
2. *Computers and related equipment* means electronic data processing equipment and components, connections, extension, peripherals and systems, owned by, leased to or under the control of the *covered entity*.
 3. *Contents* means personal property or covered property (including improvements or betterments to real property) that is owned, used by or intended for use by the *covered entity* while at a *covered location* or while in or upon a *covered automobile*.
 4. *Covered property* means structures, *contents* or other personal property to which this *coverage part* applies, and to which its description and values have been reported to us as listed on Item 3 of the *Information Pages*.
 5. *Data* means all information stored on *media* devices which is used in the operation of the *covered entity's* housing and/or community development programs and data processing.
 6. *Media* means all material (except paper) on which data is recorded and includes magnetic tapes, disk packs, *data* storage devices, and program devices for *computers and related equipment*.
 7. *Motorized vehicle* means a self-propelled vehicle having a place for an on-board operator including but not limited to riding lawn mowers, tractors and golf carts.
 8. *Other structures* refers to incidental structures providing support services to *covered property*, including but not limited to detached garages, carports, and laundry facilities, trash bin

enclosures, storage sheds, well houses, and septic enclosures.

9. *Replacement cost* means the least of the following:
 - a. The cost to repair; or
 - b. The cost to rebuild or replace, on the same size foundation, with new materials of equivalent size, kind, and quality.

For buildings or structures, machinery, fixtures, and equipment, *replacement cost* means the actual expenditure incurred in repairing, rebuilding, or replacing the damaged or destroyed property on the same or another site, but not to exceed the size and operating capacity that existed at the time of loss.

For all other property: the amount actually expended to replace.

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

10. *Specified perils* means fire, lightning, wind, hail, aircraft, vehicles, discharge from fire protective or building service equipment, explosion, riot, or civil commotion.
11. *Towed and mobile equipment* means equipment primarily used for construction, repair or maintenance of *covered property* whether or not subject to licensing under state motor vehicle laws. Mobile equipment shall not include janitorial or interior building maintenance or similar equipment.

E. Property Not Covered Under this Coverage Part

1. *Money and securities.*
2. Accounts, accounts receivable or other evidence of debt.
3. *Automobiles.*
4. Foundations, footings, underground pipes, flues, drains, utilities (of any kind), or underground storage tanks.
5. Land, including water or any other substance on, dams, passageways, or bridges used by public vehicular traffic, docks, and piers except as specifically scheduled and included in this coverage.
6. Contraband or property in the course of illegal transportation or trade.
7. Property owned by or in the care, custody, or control of tenants.

G. Excluded Causes of Loss

1. Loss or damage, including the cost of improving, correcting or making repairs to *covered property* when the loss or damage results from defective design or specifications, or from faulty material, workmanship, or maintenance.
2. Loss or damage caused by or resulting from hidden defects, ordinary wear and tear, gradual deterioration, inherent defects or loss or damage caused by vermin or insects unless loss or damage by a *specified peril* follows and then this *coverage part* shall cover only those ensuing losses or damages.
3. Loss or damage caused by or resulting from settling, subsidence, cracking, shrinking, bulging or expansion of pavements, roadways, sidewalks, patios, foundations, walls, roofs, floors and ceilings. This exclusion does not apply

to loss or damage resulting from collapse of a building, structure or material part thereof if such collapse is caused by the weight of accumulated snow or ice or results from a covered loss, but this exception does not apply to costs, loss or damage for improving on or correcting defects in materials, workmanship or faulty design. The word “collapse” as used herein means the caving in or falling inward or outward of the building or structure or material part thereof.

4. Loss of use, damage, or deterioration due to delay or to legal proceedings.
5. Loss or damage to electrical appliances (except computers, related equipment, and *media* devices), fixtures or wiring, caused by or resulting from artificially generated current, unless fire or other *specified peril* ensues and then only for the actual loss or damage caused by fire or other ensuing *specified peril* or losses covered by supplemental equipment breakdown policies purchased from a commercial insurance carrier.
6. Loss resulting from the inability to replace or reconstruct valuable papers and records; loss to electronic data processing *media* due to electrical or magnetic injury the cause of which originated 100 feet or more from the covered location, except if caused by lightning; loss directly resulting from errors or omissions in processing or copying media unless fire or explosion follows and then only for direct loss caused by such ensuing fire or explosion; loss caused by a computer virus in any of its forms.
7. Loss or damage from mechanical breakdown unless loss or damage from a *specified peril* covered herein ensues or such loss is covered by supplemental equipment breakdown policies purchased from a commercial insurance

carrier, and then this coverage shall cover only the ensuing loss or damage.

8. Loss or damage from explosion, rupture or bursting of high pressure steam boilers, steam pipes, steam turbines or steam engines owned or operated by the *covered entity* unless loss or damage from a *specified peril* covered herein follows and then this coverage shall apply only to those ensuing losses or damages.
9. Loss or damage caused by or resulting from any of the following:
 - a. smog, dampness or dryness of atmosphere;
 - b. extremes or changes in temperature (whether atmospheric or other) except damage to fire protective equipment caused by freezing;
 - c. smoke or smudge from industrial or agricultural operations;
 - d. shrinkage, evaporation, loss of weight, rust, corrosion, erosion, or depletion; or
 - e. heat or cold, change in color, texture or finish.
10. With respect to computers and related equipment and media, loss or damage caused by error in machine programming or machine installation or operating instructions.
11. Loss or damage caused by or resulting from earth movement or volcanic eruption. Earth movement includes, but is not limited to, earthquake, landslide, or earth rising, sinking or shifting.
12. Loss or damage caused by or resulting from flood, including the action of surface water, waves, tides, tidal waves,

overflow of a body of water, or mudslide or mudflow.

13. Loss or damage caused by or resulting from continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.
14. Loss or water damage caused by or resulting from freezing, unless:
 - a. You do your best to maintain heat in the building; or
 - b. You drain the system and turn off the water supply if the heat is not maintained
15. Loss, damage, or expense resulting from the relocation of any tenant, whether incurred by the tenant or the *covered entity*.

H. Conditions

1. Mortgagees

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

- a. *You* failed to comply with the terms and conditions of this coverage Section; or
- b. *Your* mortgagee starts foreclosure or similar actions of the subject building.

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

We also have the right to take over your mortgage after making loss payment to

the mortgagee. If *we* do, *you* will pay the balance of your mortgage debt to us.

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

If *we* cancel this *coverage part*, *we* will give the mortgagee, endorsed herein, the same notice of cancellation *we* will give *you*.

2. Control of Property

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

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

3. No Benefit to Bailee

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

4. Limits of Coverage

- a. Structures are covered for *replacement cost* up to 125% of the value reported except as otherwise stated.
- b. *Other structures* shall be covered up to 20% of the associated building's *replacement cost*.

5. Deductibles

We shall only be obligated to pay up to the limit of liability less the applicable deductible, under the appropriate

valuation basis as described in this *coverage part*.

6. Newly Acquired Property

Property which is newly acquired; or improvements, alterations or additions to currently *covered property*, made during the current policy period, will be automatically covered for a period of sixty (60) days.

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

7. Valuation of Property

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

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

- a. On buildings, machinery, equipment, furniture, fixtures, improvements, and betterments: *replacement cost*. In the event of loss or damage to improvements and betterments, *we* agree to accept and consider the *covered entity* as the sole and unconditional owner, except where *we* have issued a proper mortgagee endorsement.
- b. On historic structures, which are any buildings deemed by the *covered entity* to be historic structures and reported to us as such or which have been or could be so declared by any federal, state or local agency having the authority to make

such a declaration, shall be valued on the basis of an “agreed value” between the *covered entity* and *us* and must be included in the schedule of covered properties. This “agreed value” shall be the maximum liability for us in the event of a partial or total loss.

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

h. On *towed and mobile equipment*: *actual cash value*.

i. Other property not otherwise provided for in this *coverage agreement*: *replacement cost*.

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

8. Vacancy

a. As used in this vacancy condition, the term building and the term vacant have the means set forth in a.(1-3) below:

(1) When this *coverage agreement* is issued to a tenant, and with respect to that tenant’s interest in covered property, building means the unit or suite rented or leased to the tenant.

(2) When this *coverage agreement* is issued to the owner or general lessee of a building, building means the entire building.

(3) The term vacant means a building that is abandoned or does not contain enough personal property to conduct customary operations. Unoccupied buildings are not considered vacant. An unoccupied building is a building which contains enough personal property to conduct *your*

customary operations, but such operations are temporarily suspended. Buildings under construction or renovation are not considered vacant once actual construction or renovation has commenced.

- b. We will pay only for loss or damage at a vacant building if such loss or damage is caused by one or more *specified peril* and then only if:

- (1) The vacant building is at the premises described in the property schedule and *you* have notified *us* of the vacancy within thirty (30) days of the date such building became vacant; or

- (2) The vacant building is added to the property schedule after inception of the policy and *you* have notified *us* of the vacancy within 30 days of the effective date of the addition of such building.

- c. With respect to a building that has been vacant for a period of more than ninety (90) consecutive days, the amount *we* will pay will be calculated on an actual cash value basis. If a building has been vacant for a period of 90 consecutive days or less the valuation will be subject to the valuation condition set forth in this *coverage part*.

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HOUSING AUTHORITIES RISK RETENTION POOL

CRIME COVERAGE

We will pay for loss suffered by the covered entity involving those coverages listed in this coverage part and shown as "included" in the Information Pages. If included, coverage is afforded for an act or series of related acts involving one or more persons resulting in a covered loss. For purposes of the Crime coverages, a loss will be deemed to have occurred on the date that it is discovered by the covered entity.

A. Coverages

1. Employee Theft

We will pay for loss of or damage to money, securities and other property caused by theft by any employee of the covered party while acting alone or in collusion with others.

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

2. Forgery or Alteration

We will pay for loss resulting 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:

- a. Made or drawn by or drawn upon the *covered entity*; or
- b. Made or drawn by one acting as the *covered entity*'s agent; or that are purported to have been so made or drawn.

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

3. Theft of Money and Securities

We will pay for loss of money and securities inside a covered location or

inside a bank or similar depository resulting from theft, disappearance or destruction.

We will pay for loss from damage to the covered location or its exterior if you are the owner of the premises or liable for damage to it.

We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the covered location resulting directly from an actual or attempted theft of or unlawful entry into those containers.

We will pay for loss of money and securities outside the covered location while in the care and custody of an employee, messenger, or delivery service.

Any amount *we* pay is limited to that portion of loss exceeding the deductible shown in the *Information Pages*. *We* will then pay in excess of the deductible up to the limit shown for this coverage in the *Information Pages*.

4. Computer Theft and Electronic Transfer of Funds

We will pay for loss of money and securities resulting from a "fraudulent instruction" directing a financial institution to transfer, pay, or deliver funds from your account by means of an electronic transfer of funds ("ETF") subject to the following:

- a. Prior to the loss, the *covered entity* certifies that the bank with which the *covered entity* deals has primary insurance

coverage for such loss and informs *us* of the limits of such insurance.

- b. The bank has a password protected system whereby each entity accessing the system has its own password.
- c. The *covered party* maintains a list of employees authorized to make electronic transfers and describes the circumstances [limits] of their authority, establishes and follows a user password system with a separate password for each person authorized to make an ETF. The password (i) shall be known only to that user, and (ii) shall be changed at least annually.
- d. The computers used for ETF must have at all times updated virus protection and firewalls to protect them for outside access.
- e. The computers used for ETF shall be turned off and depowered each night.

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

B. Definitions

1. *Covered location*, for purposes of this *coverage part*, means a building occupied by the *covered entity* for conducting business.
2. *Forgery* means the signing of the name of another person or organization with the intent to deceive.

3. *Money* means currency, coins, bank notes, travelers checks, and money orders.
4. *Other property* means tangible property other than money and securities that has intrinsic value.
5. *Securities* means negotiable and non-negotiable instruments representing *money* or *other property* and includes stock certificates, tokens, stamps, and evidences of debt issued in connection with credit card sales.
6. *Theft* means the unlawful taking of *money*, *securities* or *other property* with the intent to deprive the *covered party*.

C. Exclusions

The Crime *coverage part* does not apply to the following:

1. Loss caused by any *employee* of a *covered entity* for whom similar prior insurance or coverage has been cancelled and not reinstated.
2. Loss, or that part of any loss, for which proof is dependent upon an inventory computation, an audit or accounting review.
3. Loss resulting from accounting or arithmetical errors or omissions.
4. Loss resulting from the giving or surrendering of property in any exchange or purchase.
5. Loss of *money* in any *money*-operated device unless the amount deposited is recorded by a continuous recording instrument in the device.
6. Loss of or damage to property after it has been transferred or surrendered to a person or place outside the *covered location* 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 do damage to any property but this exclusion does not apply to loss occurring outside the *covered location* or banking premises to property in the care and custody of an *employee* if *you* had no knowledge of the threat when the conveyance began, or the loss was not related to the threat.
7. Loss resulting from *your* being induced by any dishonest act to voluntarily part with title to or possession of any property.
 8. Loss from seizure or destruction by order of governmental authority.
 9. Loss of potential income.
 10. Fees, costs, fees or other expenses incurred to establish the existence or amount of loss or related to any legal action.
 11. Unexplained or mysterious disappearance or loss or shortage found upon taking inventory.

D. Conditions

1. Cancellation as to any Employee

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

2. Electronic or Digital Signatures

We will treat electronic or digital signatures the same as handwritten signatures.

3. Proof of Loss

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

4. Consolidation-Merger

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

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

5. Joint Covered Party

- a. If more than one *covered party* is named in the *Information Pages*, the member authority will act for itself and for every other *covered party* for all purposes of the *Crime coverage part*.
- b. If any *covered party* has knowledge of any information relevant to this *coverage part*, that knowledge is considered knowledge of every *covered party*.
- c. An *employee* of any *covered party* is considered to be an *employee* of every *covered party*.
- d. We will not pay more for loss to more than one *covered party*

than what we would pay if all loss had been sustained by one *covered party*.

6. Loss Discovery Period

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

7. Loss Covered Under More than One Sub-Part of this Crime Coverage

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

- a. The actual amount of loss; or
- b. The sum of the limits of coverage applicable to those sub-parts.

8. Loss Sustained During Prior Insurance

If *you* sustained loss during the period of any prior insurance or coverage under which *you* could have recovered, *we* will pay for it under this *coverage part* provided:

- a. This *coverage part* became effective at the time of cancellation or termination of the prior insurance or coverage;
- b. The loss would have been covered by this *coverage part* had it been in effect when the acts or events causing the loss were committed or occurred; and
- c. The loss was not discovered during the time the prior insurance was in effect.

The coverage provided by this section is part of the limits applying to this

coverage part and is limited to the lesser of this coverage as of its effective date or the prior insurance limit had it remained in effect.

If any loss is covered partly by this *coverage part* and partly by any prior cancelled or terminated coverages that we had issued to you the most *we* will pay is the larger of the amount recoverable under this coverage or the prior coverage.

The Loss Discovery Period stated above is applicable to this coverage extension.

9. Valuation - Settlement

Subject to the applicable limit of liability set forth in the *Information Pages*, *we* will pay for:

- a. Loss of *money* up to and including its face value.
- b. Loss of *securities* up to and including their value at close of business on the day of loss discovery. *We* may, at our option:
 - 1.) 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;
 - 2.) Pay the cost of any lost securities bond required for issuing duplicates.

However, *we* will be liable only up to the lesser of the:

- i. *Securities'* value at close of business on the day of discovery; or

- ii. Limit of liability for this coverage.
 - 2.) Cost of repairing the property or *covered location*; or
 - 3.) Cost of replacing the property with property of like kind and quality.
- c. Loss of, or loss from damage to, property other than *money and securities* or loss from damage to the *covered location* for not more than the least of the:
 - 1.) *Actual cash value* of the property on the day of loss discovery;

HOUSING AUTHORITIES RISK RETENTION POOL
GENERAL LIABILITY COVERAGE

A. Coverage Agreement

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

Coverage A - *Bodily Injury and Property Damage*

caused by an *occurrence* in connection with the *covered entity's* operation of a housing authority and not otherwise excluded.

B. Defense and Settlement

1. *We* have the right, but not the duty, to investigate and/or defend any claim or *suit* seeking damages within paragraph one. If *we* defend, *we* have the exclusive right to select defense counsel but will endeavor to work with the covered entity.
2. *We* have the right to settle any claim or *suit*. *We* are not obligated to obtain the *covered party's* consent, but will endeavor to obtain such consent or agreement.
3. *We* have the discretion to defend a claim or *suit* for which no liability coverage is afforded if *we* determine that provision of a defense or payment of *defense costs* may avoid a legal precedent that may have a materially adverse effect upon *us* or *our* members in other circumstances or proceedings. *Our* discretion shall be absolute and unconditional and shall not be subject to any requirement of reasonableness or fairness whatsoever.
4. The amount *we* will pay on behalf of the *covered entity* for such injury and damage, including judgments, settlements and *defense costs*, is subject to the limit of liability set forth in the *Information Pages*. *Defense costs* are

part of and not in addition to the limit of liability.

5. *Our* obligations under this *coverage part* end when *we* have used up the limit of liability in the payment of judgments, settlements or *defense costs* (or any combination thereof) under coverages A, B, C or D. This applies to both claims and *suits* pending at that time and those filed thereafter.
6. If a general liability deductible is maintained by a *covered entity* it will be indicated by endorsement issued to the *covered entity*.

C. Limit of Liability

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

occurrences during any single *coverage period*.

4. Participation In Affiliated Entities, Instrumentalities, Partnerships, and Managed, Non-Owned Properties, with regard to all claims actual or alleged, arising out of operations or management of affordable housing or any other entity which does not qualify for HARRP pooled coverages (e.g. instrumentality, affiliate, non-profit, partner of the *covered entity*, private owners of managed property, or similar entity), *our* total limit of liability and *your* total coverage limits for any such claim, regardless of the number of claimants or the number of coverages involved, is equal to \$150,000 and does not include any reinsurance, excess insurance or other insurance of any kind. *Our* aggregate limit of liability for any such claim in any one year of coverage for any *covered entity* shall not exceed \$300,000. Such *coverage* shall only apply for the *covered entity's* own operations for the aforementioned entities and is subject to all applicable terms, definitions, conditions and exclusions.

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

D. Definitions

1. *Bodily injury* means bodily injury, sickness, disability or disease, mental anguish, mental injury, shock and humiliation sustained by a person, including death resulting from any of these at any time.
2. *Occurrence* means an accident, including continuous or repeated

exposure to substantially the same general harmful conditions, which results in *bodily injury* or *property damage* during the Coverage Period that the *covered party* neither expected nor intended.

3. *Property damage* means:
 - a. Physical injury to or destruction of tangible property, including all resulting loss of use of that property; or
 - b. Loss of use of tangible property that is not physically injured.

E. Exclusions

This *coverage part* does not apply to the following:

1. *Bodily injury* or *property damage* expected or intended from the standpoint of any *covered party*. This exclusion does not apply to *bodily injury* resulting from the use of reasonable force to protect persons or property, to the extent such reasonable force was not exercised in an act of law enforcement (whether committed by a law enforcement officer or other person).
2. *Bodily injury* or *property damage* arising out of the ownership, maintenance, use or operation of any *automobile*.
3. Any obligation of the *covered entity* or its workers' compensation carrier under a workers' compensation, disability benefits or unemployment compensation law or similar law.
4. *Bodily injury* to:
 - a. An *employee* of the *covered party* arising out of and in the course of employment by the *covered party* unless coverage is specifically extended in the *Information Pages*; or

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

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

- 5. Property *damage* to property:
 - a. *you* own;
 - b. *you* rent or lease where *you* have assumed liability for damage to or destruction of such property unless you would have been liable in the absence of such assumption of liability; or
 - c. in *your* care, custody or control.
- 6. Actual or alleged liability arising from inverse condemnation, adverse possession, dedication by adverse use or eminent domain, or any claim that a *covered party* has taken or diminished the value of land through land use restrictions on such land or use of adjacent land or air space by a *covered party*.
- 7. Actual or alleged liability arising out of the *covered party's* failure to perform, or breach of, a contractual obligation.
- 8. Actual or alleged liability of others assumed under any agreement unless the *covered party* would have had such liability in the absence of the agreement or the other party has been named as an

additional covered party in an endorsement issued by us.

- 9. Actual or alleged liability arising out of defects or deficiencies in construction including but not limited to defects or deficiencies in connection with the following:
 - a. The preparation of plans, specifications, drawings, maps, orders, opinions or designs by any person or entity;
 - b. Renovation, repair, or construction of any building, structure or project by any person or entity;
 - c. Testing or inadequate protection from soil, ground water movement; soil subsidence, wet or dry rot by any person or entity; or
 - d. The retention or supervision of any project, person, or entity connected in any way to such design, renovation, repair, construction, or testing.
- 10. Actual or alleged liability arising out of or in any way connected to the renovation, conversion, or sale of any condominium unit or condominium development.
- 11. Bodily *injury* or *property damage* resulting from the service of alcoholic beverages on *covered property*.

HOUSING AUTHORITIES RISK RETENTION POOL
ERRORS AND OMISSIONS COVERAGE

A. Coverage Agreement

1. We will pay on behalf of a *covered party* those sums in excess of the retention set forth below that the *covered party* becomes legally obligated to pay as damages for a *covered party's errors and omissions* in connection with the *covered entity's* operation of a housing authority.
2. For purposes of this Errors and Omissions *coverage part*, a *claim* means a civil proceeding commenced by the service of a complaint filed in a court of competent jurisdiction.
3. A *claim for errors and omissions* must be made during the *coverage period* for acts committed on or after the *Retroactive Date*. A *claim* by a person or organization seeking damages will be deemed to have been made when notice of such *claim* is received and recorded by any covered party or by *us*, whichever comes first. All *claims* for damages because of the same *errors and omissions* causing loss to the same person or organization will be deemed to have been made at the time the first of these *claims* is made against any *covered party*.
4. Claims under this *coverage part* are subject to a deductible of 10 %, subject to a minimum deductible of \$2,500 per *claim*.

B. Defense and Settlement

1. *We* have the right, but not the duty, to investigate and/or defend any *claim for errors and omissions* asserted against a *covered party*. If we defend, we have the exclusive right to select defense counsel but will endeavor to work with the covered entity.

2. *We* have the right to settle any *claim*. We are not obligated to obtain the *covered party's* consent, but will endeavor to obtain such consent or agreement.

3. *We have* the discretion to defend a *claim* for which no *errors and omissions* coverage is afforded if *we* determine that provision of a defense or payment of *defense costs* may avoid a legal precedent that may have a materially adverse effect upon *us* or *our* members in other circumstances or proceedings. Such discretion shall be absolute and unconditional and shall not be subject to any requirement of reasonableness or fairness whatsoever.

4. The amount *we* will pay for *errors and omissions*, which includes judgments, settlements and *defense costs*, is subject to the limit of liability set forth in the *Information Pages*. *Defense costs* are part of and not in addition to the limit of liability.

5. *Our obligations* under this *coverage part* end when we have used up the limit of liability in the payment of judgments, settlements or *defense costs* (or any combination thereof) under coverages A, B, C or D. This applies to both claims and suits pending at that time and those filed thereafter.

C. Extended Reporting Period

1. One or more extended reporting period(s) described below will be provided if the *coverage agreement* is canceled or non-renewed, or if we renew or replace this *errors and omissions* coverage with other than *claims made coverage*.

2. A basic *extended reporting period* is automatically provided without

additional charge. This period begins at the termination of the *coverage agreement* and lasts for ninety (90) days. The basic extended reporting period does not apply to claims attributed to any subsequent coverage period.

3. Alternatively, *you* may purchase an additional nine (9) months of coverage for the first year following withdrawal from the pool. This optional coverage can then be purchased for up to two (2) supplemental *extended reporting period(s)* of twelve (12) months each. Coverage for supplemental *extended reporting period(s)* must be added by endorsement for which an additional premium charge must be paid. Such period starts ninety (90) days after the end of the *coverage period*. *You* must purchase this coverage prior to the end of the *coverage period*.
4. *You*, subject to the terms and conditions set forth herein, shall have the right to select the supplemental *extended reporting period(s)* that shall apply, which in no event shall exceed thirty-six (36) months. An additional premium not in excess of 200% of the average errors and omissions coverage premium for the three years before cancellation or non-renewal of this coverage may be assessed for each such supplemental extended reporting period selected.
5. The extended *reporting period* is only for the purpose of reporting claims which arise from events occurring during the *coverage period*. It does not extend the period under which coverage is provided and it does not increase or restore any limits of liability.

D. Definitions

1. *Employment-related practice* means wrongful termination of employment or demotion; the actual or alleged failure to hire, employ, or promote; the granting, continuation or termination of an

employment related right; retaliation, or the alleged harassment or discrimination of any *employee* on the basis of race, color, religion, age, sex, sexual orientation, ancestry, national origin, physical, mental or developmental disability, or any other protected status.

2. *Errors and omissions* means any misstatement or misleading statement or act or omission or neglect or breach of duty including misfeasance and nonfeasance by a *covered party* in its capacity as such. *Errors and omissions* includes *employment-related practices* and *personal injury*. *Errors and omissions* does not include any *claim* brought by the *covered entity*.
3. *Extended reporting period* means that period of time following the end of the *coverage period* during which the *covered entity* is permitted to report to us claims for which coverage might be available under this coverage form.
4. *Personal injury* means injury, other than *bodily injury*, arising out of one or more of the following acts committed by a *covered party*:
 - a. false arrest, detention or imprisonment;
 - b. defective service of process;
 - c. wrongful eviction, or other invasion of the right of private occupancy;
 - d. libel, slander or defamation of character; or
 - e. invasion of the right of privacy.
5. *Retroactive date* means the earliest date an occurrence could happen and be covered under the Errors and Omissions *coverage part*.

E. Exclusions

This *coverage part* does not apply to the following:

1. Any administrative proceeding before a federal, state or local agency responsible for the administration of federal, state or local fair employment practices or anti-discrimination laws or regulations, (including HUD), except that *we* may, at our sole discretion, participate in such proceedings to the extent that we deem necessary. Our participation in such proceedings shall not be construed as an extension of coverage to such proceedings, nor as an assumption of any liability for losses, fines, penalties or any other costs incurred or assessed to the covered party under such proceeding.
2. Any severance pay, back wages, fringe benefits, educational expenses, overtime or similar damages, even if designated as liquidated damages, owed under any federal, state or local statutes, rules, ordinances or regulations. This exclusion does not apply to any loss arising out of any *employment-related practices* claims unless such claims are for the failure to provide or to properly calculate employee compensation or benefits including but not limited to retirement, medical, dental, vision, mileage/auto allowance or other reimbursement.
3. Any actual or alleged violation of the Employee Retirement Income Security Act of 1974 (ERISA), and amendments thereto, or similar provisions of any federal, state or local statutory law or common law.
4. Any tax assessments or adjustments, or the collection, refund, disbursement or application of any taxes.
5. Any modification of property to provide reasonable accommodation under the Americans with Disabilities Act.
6. The *covered party's* de facto or official *employment-related practices* unless such *employment-related practices* have been reviewed and approved by attorneys who are knowledgeable and experienced in these areas, within thirty-six (36) months prior to the incident from which the *claim* arises.
7. Any acts constituting discrimination, harassment or violation of the civil rights of any person where the *covered party* intentionally created, knowingly permitted, or willfully or recklessly disregarded the violation of any law, regulation or policy prohibiting such acts.
8. Any *bodily injury*, except claims for emotional distress, mental anguish, or humiliation resulting from discrimination or other *employment-related practices* or *personal injury*.
9. Any fraudulent or dishonest act(s) committed by the *covered entity's* officials, *employees* or volunteers, acting alone or with others. As used in this paragraph, "fraudulent or dishonest acts" means acts committed with intent to:
 - a. Cause the *covered entity* to sustain a loss; and
 - b. Obtain financial benefit for the *covered entity*, its officials, employees, volunteers or for any other person or organization intended by the *covered entity's* officials, employees or volunteers to receive such benefit (excluding salaries, commissions, fees, bonuses, pro-motions, awards, profit sharing, pensions, or other employee benefits earned in the normal course of employment).

10. Personal *injury*:

- a. caused by or at the direction of a *covered party* with the knowledge that the act would violate the rights of another and would inflict *personal injury*;
 - b. arising out of the oral or written publication of material, if done by or at the direction of the *covered party* with knowledge of its falsity, or with reckless disregard for its truth or falsity; or
 - c. arising out of the actual or alleged infringement of copyright, trademark, trade name, trade secret or any other intellectual property rights.
11. Any actual or alleged violation of the Racketeer Influenced and Corrupt Organization Act, 18 USC § 1961 et. seq., and any amendments thereto, or any rules or regulations promulgated there under.

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F. Conditions

1. As a condition to obtaining and retaining coverage for *employment-related practices claims*, each *covered entity* must certify in writing at the time of each annual renewal that it has adopted, trained its employees on, provided copies to its employees and enforces policies and procedures which prohibit acts of unlawful discrimination, harassment or other acts constituting a deprivation of civil rights. Such certifications shall state that the aforementioned policies and procedures have been drafted or approved by legal counsel who is knowledgeable and experienced in the current state of the law on these subjects. These certificates are applicable only to internally generated policies and procedures.
2. At least every thirty-six (36) months, each *covered entity* will certify that its personnel policy(ies) has/have been reviewed by qualified legal counsel and changes necessary to make them comply with current federal, state and local laws have been made.

HOUSING AUTHORITIES RISK RETENTION POOL **AUTOMOBILE COVERAGE**

As used in this *coverage part*, a *covered automobile* refers to an *automobile* whose make, model and vehicle identification numbers have been reported to us for coverage D and are listed on a written schedule issued by us.

A *covered automobile* includes the following if *you* purchase such coverage from us:

1. A *non-owned automobile, which* means an automobile that is not owned, leased, hired, rented or borrowed by the *covered entity*. A *non-owned automobile* includes an *automobile* that is owned by an *employee*, commissioner, or volunteer while used on official business of the covered entity. Coverage for a *non-owned automobile* will be excess to the greater of any insurance required by the financial responsibility law that applies to the automobile, and does not apply to any deductible.
2. A *hired auto* means an automobile that is not owned, but is leased, hired, rented, or borrowed by a *covered party*, but only while on official business of the *covered entity*.

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

A. Liability Coverage

1. Liability

- a. Subject to all other provisions of this *coverage agreement*, we will pay on behalf of a *covered party* those sums that the *covered party* becomes legally obligated to pay as damages because of *bodily injury* or *property damage* caused by an accident and resulting from the ownership, maintenance of use of a *covered automobile* by a *covered entity* in connection with its operation of a housing authority or affiliated entity.
- b. For purposes of this coverage, a *covered party* includes a person while using, with *your* express permission, an automobile *you* own, hire or borrow if Automobile coverage is purchased from us and the person is approved by the

covered entity after review of the “unacceptable driver criteria” maintained by us.

- c. When an initial accident causes other accidents, then all accidents will be considered one accident; all accidents resulting from the same event will be considered one accident.

2. Defense

- a. *We* have the right, but not the duty, to investigate and/or defend any claim or *suit* alleging *bodily injury* or *property damage* caused by an accident and resulting from the ownership, maintenance of use of a *covered automobile* by a *covered entity*. If we defend, we have the exclusive right to select defense counsel but will endeavor to work with the *covered entity*.

- b. *We* have the right to settle any such claim or *suit*. *We* are not obligated to obtain the *covered party's* consent, but will endeavor to obtain such consent or agreement.
- c. The amount *we* will pay for such injury or damage, which includes judgments, settlements and *defense costs*, is subject to the limit of liability for Automobile Liability Coverage set forth in the *Information Pages* of this *coverage agreement*. *Defense costs* are part of and not in addition to the limit of liability.
- d. Our obligations under this *coverage part* ends when *we* have used up the limit of liability in the payment of judgments, settlements or *defense costs* (or any combination thereof) under coverages A, B, C or D. This applies to both claims and suits pending at that time and those filed thereafter.

employee as a consequence of 1.) above.

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

B. Medical Payments/Personal Injury Protection

Medical Payments, Personal Injury Protection, or similar “no-fault” benefits are provided only if required for self-insureds by law in the state where the *covered entity* is located.

C. Uninsured Motorist/Underinsured Motorist Coverages

Uninsured Motorist and/or Underinsured Motorist Coverage is provided only if required for self-insureds by law in the state where the *covered entity* is located.

D. Physical Damage Coverage

This is an optional coverage under which *we* will pay *you* for damage to a *covered automobile* on an *actual cash value* basis in excess of the applicable deductible stated in the *Information Pages*. Automobile Physical Damage Coverage, if elected, will extend to *hired automobiles*, but is excess over any other available coverage or insurance.

3. Exclusions

- a. *Bodily injury* or *property damage* expected or intended from the standpoint of any *covered party*.
- b. *Bodily injury* to:
 - 1.) An *employee* of the *covered party* arising out of and in the course of employment by the *covered party* unless coverage is specifically extended in the *Information Pages*; and
 - 2.) The spouse, child, parent, brother or sister of that

1. Comprehensive Coverage

We will pay for loss to a *covered automobile* from any cause except the *covered automobile's* collision with another object, bird, or animal, or the *covered automobile's* overturn.

2. Collision Coverage

We will pay for loss to a *covered automobile* caused by the *covered automobile's* collision with another

object, or the *covered automobile's* overturn.

3. Automobile Rental

If *you* have purchased Comprehensive and Collision coverage, *we* will pay up to \$25 per day to a maximum of \$750 for transportation expense incurred by *you* because of the total theft of a *covered automobile* or while covered damage is being repaired. This coverage begins when a damaged vehicle is not drivable and ends when it is returned to use, or this limit is exhausted. For stolen vehicles, this coverage begins forty-eight (48) hours after the theft and ends when the *covered automobile* is returned to use, or *we* pay for its loss or the above limit is reached.

4. Appraisal for Physical Damage Loss

If *you* and *we* disagree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will select an experienced appraiser. The two appraisers will select an impartial umpire (who shall also be an experienced appraiser). The appraisers will state separately the *actual cash value* and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party shall pay its chosen appraiser and shall bear the expenses of the appraisal and impartial umpire equally.

5. Limit of Liability

We will pay the lesser of:

- a. The *actual cash value* of the damaged or stolen property at the time of the loss;
- b. The purchase price of the damaged or stolen property; or

- c. The cost of repairing or replacing damaged or stolen property with property of like kind and quality.

6. Deductible

For each *covered automobile*, *our* obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the *Information Pages*. For high value vehicles (those with a value new in excess of \$50,000) the deductible shall be \$2,500 for comprehensive and \$2,500 for collision coverage.

7. Loss Payment - Physical Damage Coverage

At *our* option, *we* may:

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

8. Exclusions

- a. *We* will not pay for damage to or loss of any electronic or sound reproducing device unless permanently installed in a *covered automobile*;
- b. *We* will not pay for loss caused by or resulting from any of the following unless caused by other covered loss:
 - 1.) Wear and tear, freezing, mechanical or electrical breakdown;

- 2.) Blowouts, punctures or other road damage to tires; or
- 3.) Towing or locksmith services

- c. We will not pay for loss resulting from any vehicular use by an employee deemed unacceptable, per the Unacceptable Driver Policy. This includes 1) covered automobile owned by covered entity, 2) personal automobile owned by employee used for business purposes, or 3) rented/leased automobile, either rented/leased by the covered entity or employee for use by the unacceptable driver.

HOUSING AUTHORITIES RISK RETENTION POOL INFORMATION PAGES

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

Housing Authority

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

As respects Errors and Omissions coverage, the retroactive date is: 00/00/**

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

PROPERTY COVERAGES

| Coverage & Perils | Loss Limit and Deductible |
|--|---|
| Blanket all Property Special Causes of Loss | \$ Stated Value per occurrence / \$5,000 deductible |
| Equipment Breakdown | \$ Stated Value per occurrence / \$5,000 deductible |

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

LIABILITY COVERAGE

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

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

LIMIT OF LIABILITY

| Coverages (s) | | Per Occurrence | Annual Aggregate |
|----------------------|---|-----------------------|-------------------------|
| 1 | A (Excluding loss arising from operation or use of a covered automobile) | \$2,000,000 | \$2,000,000 |
| 2 | B (Excluding loss arising from operation or use of a covered automobile) | \$2,000,000 | \$2,000,000 |
| 3 | Hired and non-owned automobile | \$2,000,000 | \$2,000,000 |
| 4 | C Bodily Injury & Property Damage (Automobile) | \$2,000,000 | \$2,000,000 |
| 5 | Medical Payments (Automobile) | As requested | |

AUTOMOBILE PHYSICAL DAMAGE COVERAGES

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

*Per most recent auto inventory.

CRIME COVERAGES

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

ITEM 4. Premiums

Property Section \$.00

General Liability Section \$.00

Errors & Omissions Section \$.00

Automobile Coverage Section \$.00

Crime Section \$.00

TOTAL GROSS PREMIUM: \$.00

In return for the payment of and subject to all terms of this policy, HARRP agrees to provide the above named covered entity the coverage stated in this policy. Receipt of premium signifies that the covered entity agrees to all terms and conditions of the policy, inclusive of values, rates, applicable deductibles and coinsurance.

In witness whereof, HARRP has caused this policy to be executed and this policy shall not be valid unless signed by our authorized representative:

Issue Date

Authorized Signature