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Department of Administrative Services
Risk Management Services

SPECIAL PROPERTY
ALL RISK AGREEMENT

INSURANCE AND RESERVE FUND

JULY 1, 2008 – JUNE 30, 2009

State of Georgia Department of Administrative Services
Risk Management Services
SPECIAL PROPERTY ALL RISK AGREEMENT

Policy Period of July 1, 2008 through June 30, 2009

TABLE OF CONTENTS **Page**

NAMED COVERED PARTY 2

Who is insured?

COVERAGE PARTS **2**

Money & Securities
A. Coverage

B. Exclusion **3**

C. Limit of Coverage **5**

D. Deductible **5**

E. Definitions **5**

F. Conditions **6**

Inland Marine **10**

A. Coverage – Covered Property
- a. Fine Arts
- b. Aircraft Hull
- c. Watercraft Hull
- d. Non-State Owned Property
- e. Transient State Property

B. Exclusion **11**

C. Limit of Coverage **14**

D. Deductible **14**

E. Definitions **14**

F. Conditions **16**

STATE OF GEORGIA

SPECIAL PROPERTY ALL RISK AGREEMENT
No. SPAR-401-14-2-09

This Agreement is issued by the Georgia Department of Administrative Services Risk Management to make available, all risk coverage for special property items, not covered by the State Owned Building and Personal Property Agreement.

As used herein, the terms "**You**" and "**Your**" refer to any **Agency, Authority, Board, Commission, Department, instrumentality, or Office of the State of Georgia** described in the Named Covered Party section below. As used herein, the term **"DOAS"** refers to the **Georgia Department of Administrative Services Risk Management** (D.O.A.S.R/M).

Words and phrases that appear in quotation marks have special meaning and are defined in the relevant coverage parts.

NAMED COVERED PARTY:

Refers to the **Covered Party** named in the **All Risk Certificate** that is made a part of this Agreement.

MONEY & SECURITIES COVERAGE

A. COVERAGE

If you have elected Money & Securities Coverage under an All Risk Certificate, DOAS will pay for loss of State-Owned Covered Property or Property you are legally liable for under a written Contract or Agreement, resulting directly from the Covered Causes of Loss shown below.

1. Section I - Inside the Premises

a. Covered Property, as used in this section of the Coverage, means"Money" and "Securities" inside the "premises" or a "banking premises."

b. Covered Causes of Loss

(1)"Theft"
(2) Destruction

c. Coverage Supplements

(1) Containers of Covered Property: DOAS will pay for loss of, and loss from damage to, a locked safe, vault, cash register, cash box or cash drawer located in the "premises" resulting directly from an actual or attempted:

(i) "theft" of; or
(ii) Unlawful entry into those containers.

(2) Premises Damage: DOAS will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of Covered Property if you are the owner of the "premises."

2. Section II - Outside the Premises

a. Covered Property, as used in this section of the Coverage, means"Money" and "Securities" outside the "premises" in the care and custody of a "messenger."

b. Covered Causes of Loss

(1)"Theft"
(2) Destruction

c. Coverage Supplement: DOAS will pay for loss of Covered Property resulting directly from the Covered Causes of Loss while outside the "premises" in the care and custody of an armored motor vehicle company.

But, DOAS will only pay for the amount of loss that you cannot recover:

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

B. EXCLUSIONS

DOAS will not pay for loss as specified below:

1. **Accounting or Arithmetical Errors or Omissions:** Loss resulting from accounting or arithmetical errors or omissions.

2. **Acts of Employees, Directors, Trustees or Representatives:** Loss resulting from any dishonest or criminal act committed by any of your "employees," directors, trustees or authorized representatives:

   (a) acting alone or in collusion with other persons; or
   (b) while performing services for you or otherwise.

3. **Exchanges or Purchases:** Loss resulting from the giving or surrendering of property in any exchange or purchase.

4. **Fire:** Loss from damage to the "premises" resulting from fire, however caused.

5. **Governmental Action:** Loss resulting from seizure or destruction of property by order of governmental authority.

6. **Indirect Loss:** Loss that is an indirect result of any act or "occurrence" covered by Money & Securities Coverage including, but not limited to, loss resulting from:

   (a) Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Property.
   (b) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under Money & Securities Coverage.
   (c) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under Money & Securities Coverage.

7. **Legal Expenses:** Expenses related to any legal action.

8. **Mysterious Disappearance**

9. **Money Operated Devices:** Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

10. **Nuclear:** Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

11. **Transfer or Surrender of Property**
   (a) Loss of property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises:"

   (1) On the basis of unauthorized instructions; or
   (2) As a result of a threat to do:
   i. bodily harm to any person; or
   ii. damage to any property.

   (b) But, this exclusion does not apply under **Coverage, Section II**. to loss of Covered Property while outside the "premises" or "banking premises" in the care and custody of a "messenger" if you:

   (1) had no knowledge of any threat at the time the conveyance began; or
   (2) had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

12. **Vandalism:** Loss from damage to the "premises" or its exterior or to containers of Covered Property by vandalism or malicious mischief.

13. **Voluntary Parting of Title to or Possession of Property:** Loss resulting from your, or anyone acting on your express or implied authority, being induced

by any dishonest act to voluntarily part with title to or possession of any property.

14. **War and Similar Actions:** Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

C. LIMIT OF COVERAGE

The most DOAS will pay for any one covered loss "occurrence" under Money & Securities Coverage is the lesser of, the applicable Money & Securities Amount shown in the All Risk Certificate or $250,000.

Should a covered loss under Money & Securities Coverage, arising from a single loss "occurrence" exceeds $250,000, then the policy provisions contained in the commercial excess crime insurance policy purchased by DOAS will dictate any additional limits of coverage available at the time of loss.

D. Minimum Premium:

$250.00

E. DEDUCTIBLE:

$1,000 per occurrence, each and every claim.

F. DEFINITIONS

1. **"Banking Premises"** means the interior of that portion of any building occupied by a banking institution or similar safe depository.

2. **"Employee"** means:
   a. Any person:

   (1) while in your service (and for 30 days after termination of service); and
   (2) whom you compensate directly by salary, wages or commissions; and
   (3) whom you have the right to direct and control while performing services for you; or

   b. Any person who is furnished to you to:

   (1) substitute for a permanent "employee" on leave; or
   (2) meet seasonal or short-term workload conditions;

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

But "employee" does not mean any:

(1) Agent, Broker, Person leased to you by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
(2) director or trustee except while performing acts coming within the scope of the usual duties of an employee.

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

4. **"Money"** means:
a. currency, coins and bank notes in current use and having a face value; and
b. travelers checks, register checks and money orders held for sale to the public.

5. **"Occurrence"** means an:

(1) act or series of related acts involving one or more persons; or
(2) act or event, or a series of related acts or events not involving any person.

6. **"Premises"** means the interior of that portion of any building you occupy in conducting your business.

7. **"Securities"** means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

a. tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
b. evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".

9. **"Theft"** means any act of stealing.

G. CONDITIONS

1. **Concealment, Misrepresentation or Fraud:** DOAS will not pay for any loss or damage in any case of:

a. concealment or misrepresentation of a material fact; or
b. fraud;

committed by you or any other Covered Party, at any time, and relating to coverage under Money & Securities Coverage.
c. A police report is required and must be submitted to DOAS with Notice of Loss
d. A copy of your internal procedures and guidelines must be provided upon DOAS request.

2. **Coverage Supplements:** DOAS' financial responsibility under any Coverage Supplement is part of, not in addition to, the Money & Securities limit shown in the All Risk Certificate.

3. **Discovery of Loss:** Discovery of loss occurs when you first become aware of facts which would cause a reasonable person to assume that a loss covered by Money & Securities Coverage has been or will be incurred, even though the exact amount or details of loss may not be known.

   Discovery also occurs when you receive notice of an actual or potential claim against you involving a loss covered under Money & Securities Coverage.

4. **Duties in the Event of Loss:** After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Property you must:

   a. Notify DOAS as soon as possible.
   b. Notify the police, if you have reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of the law. **Note:** A police report is required by DOAS.
   c. Submit to examination under oath at DOAS' request and give us a signed statement of your answers.
   d. Give DOAS a detailed, sworn proof of loss within 60 days.
   e. Cooperate with DOAS in the investigation and settlement of any claim.

5. **Extended Period to Discover Loss:** DOAS will pay for loss that you sustained prior to the effective date of termination or cancellation of this Money & Securities Coverage, which is discovered by you no later than 60 days from the date of that termination or cancellation.

   However, this extended period of discovery loss terminates immediately upon the effective date of any other similar insurance coverage obtained by you that covers the loss in whole or part.

6. **Non-Cumulation of Limit of Coverage:** Regardless of the number of years Money & Securities Coverage remains in force or the number of premiums paid, no Limit of Coverage cumulates from year to year or period to period.

7. **Other Insurance:** Money & Securities Coverage does not apply to loss recoverable or recovered under other insurance or indemnity. DOAS will not pay for **any loss** when "other insurance" is available.

8. **Ownership of Property; Interests Covered:** The property covered under this Money & Securities Coverage is limited to property:

   a. that you own or hold; or

b. for which you are legally liable. A copy of the 'contract' or 'legal agreement' must be provided to DOAS upon request.

However, this Money & Securities Coverage is for your benefit only. It provides no rights or benefits to any other person or organization.

9. **Policy Period:**

   a. The Policy Period is shown in the All Risk Certificate.
   b. Subject to the **Discovery of Loss** Condition, DOAS will pay for loss that you sustain through acts committed or events occurring at any time and discovered by you during the Policy Period.

10. **Records:** You must keep records of all Covered Property and provide written evidence or copy of the records to DOAS for verification of the amount of any loss.

11. **Recoveries:**

   a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this Money & Securities Coverage will be distributed as follows:

   (1) to you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Coverage and the Deductible Amount, if any;
   (2) then to DOAS, until we are reimbursed for the settlement made;
   (3) then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount.

   b. Recoveries do not include any recovery:

   (1) from insurance, suretyship, reinsurance, security or indemnity taken for DOAS' benefit; or
   (2) of original "securities" after duplicates of them have been issued.

11. **Territory:** This Money & Securities Coverage covers only acts committed or events occurring within the United States of America, U. S. Virgin Islands, Puerto Rico, Canal Zone, or Canada.

12. **Transfer of Your Rights of Recovery Against Others to DOAS:** You must transfer to DOAS all your rights of recovery against any person or organization for any loss you sustained and for which DOAS has paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

13. **Valuation – Settlement:**

   a. Subject to the applicable Limit of Coverage provision DOAS will pay for:

(1) Loss of "money" but only up to and including its face value. DOAS may, at its option, pay for loss of "money" issued by any country other than the United States of America:

(a) at face value in the "money" issued by that country; or
(b) in the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.

(2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. DOAS may, at its option:

(a) pay the value of such "securities" or replace them in kind, in which event you must assign to DOAS all your rights, title and interest in and to those "securities"; or
(b) pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, DOAS will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

(i) Value of the "securities" at the close of business on the day the loss was discovered; or
(ii) Limit of Coverage.

(3) Loss of, or loss from damage to, "property other than money and securities" or loss from damage to the "premises" for not more than the:

(a) Actual cash value of the property on the day the loss was discovered;

(b) Cost of repairing the property or "premises"; or

(c) Cost of replacing the property with property of like kind and quality.

DOAS may, at its option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

b. DOAS may, at its option, pay for loss of, or loss from damage to, property other than "money":

(1) In the "money" of the country in which the loss occurred; or

(2) In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

c. Any property that DOAS pays for or replaces becomes DOAS property.

14. Risk Exposure Reporting & Premium Payment Requirements:

You are responsible for providing DOAS with accurate risk exposure information, for Covered Property, necessary to calculate the premiums for Money & Securities Coverage. This information must be provided in a format prescribed by DOAS. If at any time, a covered loss occurs and reimbursement is due from DOAS, and there are outstanding premiums owed, reimbursements made by DOAS will be reduced by the outstanding premium amount owed

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INLAND MARINE COVERAGE

A. COVERAGE

If you have elected an Inland Marine Coverage under an All Risk Certificate, DOAS will pay for loss of Covered Property resulting direct physical loss or damage to Covered Property of which you have record of, up to the amount or limit shown on your All Risk Certificate except as otherwise excluded or limited.

Covered Property, as used under Inland Marine Coverage means:

a. "Fine Art";
b. "Aircraft Hull";
c. "Watercraft Hull";
d. "Non-State Owned Property"; and
e. "Transient state property",

"Covered Property" also include property under your care, custody and control by written contract or agreement; and property that is listed on a schedule maintained by you.

DOAS and the Excess Insurance Company now require the following information when Fine Art, Non-State Owned Property and/or Transient State Property coverage is requested: detailed schedule of each item, description, replacement cost value, date acquired, original cost new, and location of item (physical address).

B. EXCLUSIONS

1. DOAS does not cover against direct physical loss or damage directly or indirectly caused by, resulting from, contributed to or made worse by the following, regardless

of any other cause or event, whether or not dominant, which may contribute concurrently or in any sequence to the loss or damage;

a. governmental action, meaning seizure, confiscation, destruction or nationalization by a governmental authority of property insured. However, DOAS will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread;

b. illegal acts, meaning risks of contraband or illegal, transportation or trade;

c. nuclear hazard meaning:

(1) any weapon employing atomic fission or fusion or other radioactive force; or

(2) nuclear reaction or radiation or radioactive contamination from any other cause unless fire ensues and then DOAS will pay for only the ensuing loss or damage to the Covered Property resulting from fire; or

d. war and military action, meaning:

(1) war, including undeclared or civil war;

(2) warlike action by a military force, including action taken to hinder or defend against any actual or expected attack to any government, sovereign or other authority using military personnel or other agents; or

(3) insurrection, rebellion, revolution or usurped power, or action taken in hindering or defending against any such event.

e. unexplained or mysterious disappearance of any property, or shortage disclosed upon taking inventory.

f. by the failure of any owned or non-owned:

(1) computer system, computer equipment, hardware, program or software; or

(2) micro-chip, integrated circuit or similar device in computer equipment or non- computer equipment;

to correctly recognize any date as its true or correct date, regardless of any other cause or event, including but not limited to:

(3) acts or decisions, including the failure to act or decide, of any group, person, organization or governmental body; or

(4) failure, inadequacy, malfunction, error or omission, whether negligent or otherwise, of any advise consultation, design evaluation, inspection, repair or correction by or for the other;

which may contribute concurrently or in any sequence or in any sequence to the loss or damage.

However, if loss or damage caused by fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, hurricane, cyclone, riot, strikes, civil commotion, vandalism, malicious mischief, theft or freezing of plumbing or sprinkler systems ensues and is not otherwise excluded under Inland Marine Coverage, Inland Marine Coverage shall cover such ensuing loss or damage to Covered Property.

g. Any costs or expenses incurred to repair or modify any:

(1) computer system, computer equipment, hardware, program or software; or
(2) computer equipment or non-computer equipment containing a micro-chip, integrated circuit or similar device,

in order to correct deficiencies or failures of logic or operation.

h. Any loss, damage or expense caused by, resulting from, contributed to or made worse by and of the following whether to your property or arising out of or resulting from your liability, or your alleged liability, or for defense of your liability for property of others in your care, custody or control (whether actual or constructive) or otherwise as provided under Inland Marine Coverage:

(1) Actual, alleged, or threatened release, discharged, escape or dispersal of "pollutant(s)", all whether direct or indirect, proximate or remote, sudden, accidental or gradual, or in whole or in part caused by, resulting from, contributed to or made worse by any physical loss or damage covered by Inland Marine Coverage.

However, if fire and/or explosion are covered, Inland Marine Coverage covers, subject to all of its terms, conditions, limitations, direct physical loss or damage by fire or explosions to Covered Property which results from the foregoing. In addition, Inland Marine Coverage covers loss or damage directly caused by actual contact of Covered Property with "pollutant(s)" when such actual contact of Covered Property with "pollutant(s)" resulting directly from "unfriendly fire", smoke from "unfriendly fire", lightning, explosion, aircraft and objects falling therefrom, leakage or collision, upset or overturn of transporting conveyances but only to the extent these perils are not excluded by Inland Marine Coverage.

(2) The enforcement, direction or request of any civil or governmental authority regulating the test for, monitoring, prevention, control, removal,

tearing down, demolition, disposal, treatment, cleanup, decontamination, detoxification, neutralization or containment by "pollutant(s)."

(3) Any fines, penalties, compensatory damages, punitive damages, or any other damages, awards or settlements adjudged against you by any civil or judicial body, or board of arbitration, nor any sums which you shall voluntarily agree to pay to any third party(ies), nor any legal fees or other cost of defense of legal actions, claims, or proceedings and appeals arising out of or attributable to any loss, damage or expense caused by or resulting from "pollutant(s)."

2. In addition, Inland Marine Coverage does not cover against direct physical loss or damage caused by or resulting from:

a. delay, loss of use, loss of market, interruption of business or any other indirect or consequential loss.

b. restoring, retouching, refinishing or processing of work of any other kind upon the Covered Property unless fire or explosion ensues and then DOAS will only be responsible for the ensuing loss or damage to Covered Property resulting from the fire or explosion;

c. wear and tear, gradual deterioration, inherent vice, latent defect or error or omission in design or specification, unless loss or damage not otherwise excluded ensues and the DOAS shall only be responsible for the ensuing loss or damage to Covered Property and not otherwise excluded;

d. intentional acts by you or any other party having an interest in the Covered Property, or any of their employees or other authorized representatives; or,

e. fraudulent, dishonest or criminal act(s) committed alone or in collusion with others by you, your employees, officers, directors, partners, trustees or other authorized representatives, or any other party having an interest in the Covered Property, whether or not such act(s) be committed during regular business hours;

f. the cost of making good: defective design or specifications, faulty material, or faulty workmanship;

g. mechanical breakdown unless loss or damage from a peril covered herein ensues and then Inland Marine Coverage shall cover such ensuing loss;

h. electrical injury or disturbance to electrical appliances, devices or wiring caused by electric currents artificially generated unless loss or damage from a peril covered herein ensues and then Inland Marine Coverage shall cover for such ensuing loss or damage;

i. explosion, rupture, or bursting of steam boilers, steam pipes, steam turbines or steam engines owned or operated by you unless loss or damage from a peril covered herein ensues and then Inland Marine Coverage shall cover for such ensuing loss or damage;

j. errors in processing or manufacture of your product unless loss or damage from a peril covered herein ensues and then Inland Marine Coverage shall cover for such ensuing loss or damage;

k. normal settling, or shrinkage of walls, floors, or ceilings unless loss or damage from a peril covered herein ensues and then Inland Marine Coverage shall cover for such ensuing loss or damage;

l. mysterious disappearance.

C. LIMIT OF COVERAGE

You must determine the amount of coverage needed and maintain written records to support the amount of insurance requested.

The most DOAS will pay for any one covered loss; casualty or disaster under Inland Marine Coverage is the lesser of, the applicable Inland Marine Amount(s) shown in the All Risk Certificate or $50,000.

Should a covered loss under Inland Marine Coverage, arising from any one loss, casualty or disaster exceed $50,000, then the policy provisions contained in the commercial excess inland marine insurance policy purchased by DOAS will dictate any additional limits of coverage available at the time of loss.

D. DEDUCTIBLE

$1,000 per occurrence

E. DEFINITIONS

1. **"Actual Cash Value"** means the replacement cost, at the time of loss, of the damaged or destroyed property, less depreciation.

2. **"Aircraft Hull"** means a machine or device, such as an airplane, or helicopter, that is capable of atmospheric flight and also includes the propulsion system and equipment usually installed in the aircraft (i) while installed in the aircraft (ii) while temporarily removed from the aircraft (iii) and while removed from the aircraft for replacement until such time as replacement by a similar item has commenced; also tools and

equipment in the aircraft which have been specifically designed for the aircraft and which are ordinarily carried therein.

3. **"Automobile"** means a land motor vehicle, trailer or semi-tractor designed for travel on public roads. But "automobile" does not include "mobile equipment".

4. **"Fine Art"** means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit, excluding aircraft, automobiles, coins, furs, jewelry, money, precious stones, precious metals, securities, stamps, and watercraft.

5. **"Mobile Equipment"** means a land vehicle, vehicle, to include any machinery or apparatus attached thereto, whether or not self-propelled, which is: (1) not subject to the motor vehicle registration; (2) maintained for use exclusively on premises owned by or rented to the State of Georgia or any of its "departments", including the right-of-way immediately adjoining such premises; (3) designed for use principally on off-public roads; or (4) designed and maintained for the sole purpose of affording mobility to the equipment of the following types and forming an integral part of or permanently attached to such vehicle: Power cranes, shovels, loaders, diggers and drills, cement mixers (other than mixed-in transit types), graders, scrapers, rollers and other road construction or repair equipment, air compressors, pumps and generators, including spraying, welding, building cleaning equipment, geophysical exploration, farm machinery, lighting and well servicing equipment, cherry pickers and similar devices used to raise or lower workers.

6. **"Non-state owned Property"** means property of others, where you have a written agreement obligating you to be financially responsible for loss or damage while its in your care, custody and control.

7. **"Pollutant(s)"** means any solid, liquid, gaseous or thermal irritant or contaminant substance, including but not limited to any smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste (whether recycled, reconditioned or reclaimed) which are designated as "pollutant(s)" in listing(s) published by the United States Environmental Protection Agency (U.S.E.P.A.) or by any other governmental authority, or , if unlisted, exhibit(s) the characteristic(s) of ignitability, corrosivity, reactivity, or toxicity to a degree which would cause it (them) to be so listed if the subjected were to be addressed by the U.S.E.P.A. or by any other governmental authority.

8. **"State-owned Personal Property"** means personal property other than an "automobile" to which you have legal title or ownership of and over which you exercise possession or control.

9. **"Transient State Property"** means your "mobile equipment"; and other "state-owned personal property" while temporarily away from any of your premises.

10. **"Unfriendly fire"** means a fire which becomes uncontrolled or breaks out from where it was intended to be.

11. **"Watercraft Hull"** means a boat or ship designed for water transportation, including its launches, lifeboats, rafts, furniture, bunkers, stores, supplies, tackle, fittings, equipment, apparatus, machinery, boilers, refrigerating machinery, insulation, motor generators and other electrical machinery.

F. CONDITIONS

1. **Abandonment**
   There can be no abandonment of property to DOAS.

2. **Appraisal**
   If you and DOAS disagree on the amount of the loss you may request an appraisal of the loss. In such case, DOAS will select an appraiser and have the loss appraised. If you are not satisfied with the appraisal, you may procure an appraisal at your own sole cost and expense. If the two appraisers disagree, they will meet and attempt to reach an agreement as to the amount of the loss. If they are unable to agree, the two appraisers will select a competent and impartial umpire and will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will be responsible for paying its chosen appraiser and paying the other expenses of the appraisal and umpire equally. Even where an appraisal is conducted, DOAS still retains the right to deny the loss within the terms of the Inland Maine Coverage.

3. **Assignment**
   There shall be no assignment of this Inland Marine Coverage.

4. **Duties Of Covered Party In The Event of Loss**
   You must see that the following are done in the event of loss to Covered Property:

   a. Report the loss immediately (within 48 hours from the date the loss was discovered) to DOAS.

   GEORGIA DEPARTMENT OF ADMINISTRATIVE SERVICES
   RISK MANAGEMENT SERVICES
   12TH FLOOR – WEST TOWER
   200 PIEDMONT AVE.
   ATLANTA, GA 30334-9010

   b. Notify law enforcement authorities where appropriate.

   c. Take all reasonable steps to protect the Covered Property from further damage. If feasible, set the damaged property aside and in the best possible order for examination. Also, keep a record of your expenses for emergency and temporary repairs, for reimbursement consideration.

d. At the request of DOAS, provide the following information when Fine Art, Non-State Owned Property, and/or Transient State Property coverage is requested: detailed schedule of each item, description, replacement cost value, date of acquisition, original cost new, and location of item (physical address).

e. As often as may be reasonably required, permit DOAS to inspect the property proving the loss or damage and examine your books or records.

f. Cooperate with DOAS in the investigation or settlement of the loss.

5. Endorsement
DOAS may endorse coverage at any time.

6. Inspections and Surveys
DOAS has the right but is not obligated to:

a. make inspections and surveys at any time;

b. provide you with inspection reports; and

c. recommend changes.

Any inspections, surveys, reports are recommendations relate only to insurability and the premiums to be charged. DOAS does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. DOAS does not warrant or represent that any of its recommendations, if followed, will render any condition safe or healthy or in compliance with any laws, regulations, rules, policies, codes or standards of any type.

7. Loss Payment of "Fine Art" Covered Property
Adjustment of the physical loss amount of "fine art" Covered Property will be computed as of the date of the loss at the location of the loss, and based on the lesser of:

a. the Limit of Coverage under Inland Marine Coverage.

b. the reasonable and necessary cost to repair or restore the "fine art" item to the physical condition that existed on the date of loss.

c. the cost to replace the "fine art" item.

d. the value of the "fine art" item stated on a schedule maintained by you.

However, if DOAS deems the "fine art" item as a total loss, and the item had a certified appraisal issued prior to the loss, DOAS will pay the lesser of:

the scheduled value of the item;

the appraised value of the item;

subject to the Limit of Coverage under Inland Marine Coverage.

In the event a "fine art" item is part of a pair or set, and the physically damaged item cannot be replaced, or repaired or restored to the condition that existed immediately prior to the loss, DOAS will only be responsible for the lesser of the full value of such pair or set or the amount designated on the schedule maintained by you or DOAS, subject to the Limit of Coverage under Inland Marine Coverage. You agree to surrender the pair or set to DOAS.

7. **Loss Payment of Inland Marine Covered Property Other Than "Fine Art"**
Adjustment of the physical loss amount of Inland Marine Covered Property will be computed as of the date of the loss at the location of the loss, and based on the lesser of:

a. the Limit of Coverage under Inland Marine Coverage.

b. the reasonable and necessary cost to repair or restore the item to the physical condition that existed on the date of loss.

c. the cost to replace the item.

d. the value of the item stated on a schedule maintained by you.

However, if you elect not to repair or replace the item, DOAS will pay the lesser of:

the scheduled value of the item;

the appraised value of the item;

the actual cash value of the item;

subject to the Limit of Coverage under Inland Marine Coverage.

In the event the item is part of a pair or set, and the physically damaged item cannot be replaced, or repaired or restored to the condition that existed immediately prior to the loss, DOAS will only be responsible for the lesser of the full value of such pair or set or the amount designated on the schedule maintained by you or DOAS, subject to the Limit of Coverage under Inland Marine Coverage. You agree to surrender the pair or set to DOAS.

8. No Benefit to Others

No person or organization other than you, having custody of Covered Property will benefit from this Inland Marine Coverage.

10. Notice and Proof of Loss

a. Written notice of loss must be received by DOAS within 60 days after the loss was discovered;

b. Written ***Proof of Loss*** must be received by DOAS with full details of the loss including schedule evidencing description of items insured, original cost new, replacement cost, serial or mfg number, location or premises where item(s) are locate within 120 days after the loss was discovered. If full details of the loss are not known within 120 days, you may request an extension of time in which to file a proof of loss. Such request must be made in writing to DOAS and must be agreed to by DOAS.

FAILURE TO FOLLOW EITHER OR BOTH OF THESE PROVISIONS WITHOUT WRITTEN AUTHORITY FROM DOAS MAY VOID YOUR COVERAGE FOR THE LOSS.

11. Other Insurance

If there is other insurance covering the same loss, DOAS will only pay you for the amount of covered loss in excess of the amount due from the other insurance subject to the Limit of Coverage.

12. Recovered Property

If either you or DOAS recover Covered Property after loss settlement, the recovering party must give the other prompt notice. At your option, the property will be returned to or retained by you. You must then return to DOAS the amount DOAS paid to you for the property. DOAS will reimburse you for recovery expenses and the expenses to repair the recovered property, subject to the Limit of Coverage. If the recovered property is damaged and you want the property returned, you must pay DOAS what is agreed to be the fair value of that damaged property less recovery expenses.

13. Reporting Procedures - Notice of all losses or damage must be reported to DOAS within 48 hours from the date the loss was discovered. Include a description of the property involved and how, when and where the loss or damage occurred.

14. Risk Exposure Reporting & Premium Payment Requirements

You are responsible for providing DOAS with accurate risk exposure information, for Covered Property, necessary to calculate the premiums for Inland Marine Coverage. This information must be provided in a format prescribed by DOAS. If at any time, a covered loss occurs and reimbursement is due from DOAS, and there are outstanding premiums owed, reimbursements made by DOAS will be reduced by the outstanding premium amount owed.

15. Subrogation

If DOAS makes payment to you under Inland Marine Coverage and you have rights to recover damages from another party, those rights are transferred to DOAS to the extent of the DOAS payment. You must do everything necessary to secure DOAS' rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing prior to or after a loss to your Covered Property if you have received written approval from DOAS.

16. Territory

Inland Marine Coverage shall cover losses anywhere in the world.

DEPARTMENT OF ADMINISTRATIVE SERVICES
An Agency of the State of Georgia

Brad Douglas
Commissioner