STATE OWNED BUILDING AND PERSONAL PROPERTY AGREEMENT

INSURANCE AND RESERVE FUND

JULY 1, 2015 – JUNE 30, 2016

State of Georgia Department of Administrative Services
Risk Management Services

STATE OWNED BUILDING AND PERSONAL PROPERTY AGREEMENT
Policy Period of July 1, 2015 through June 30, 2016

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STATE OF GEORGIA
STATE OWNED BUILDING AND PERSONAL PROPERTY AGREEMENT
No. PROP-401-14-2-16

This Agreement is issued by the Georgia Department of Administrative Services Risk Management Services pursuant to the authority granted by O.C.G.A. Section 50-16-9 to keep covered State property including, but not limited to, "state owned" public buildings and the contents thereof.

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 SECTION E - DEFINITIONS.

NAMED COVERED PARTY:

This is the Covered Party named in the Declarations Page that is made a part of this Agreement.

A. COVERAGE

DOAS will pay for direct physical loss, damage or destruction to Covered Property at the premises/location reported and described in "BLLIP" caused by or resulting from a Covered Cause of Loss. (Section A.3.).

1. Covered Property

Covered Property, as used in this Agreement, means the following types of property reported to Risk Management Services and described in the "BLLIP" and for which a location and value is shown:

a) Building, meaning a "state owned" building or structure described in "BLLIP", including:

1) Completed additions;
2) Permanently installed: fixtures, machinery and equipment
3) Fences;
4) Radio and television antennas, including their lead-in wiring, masts or towers; or
(5) Signs, other than highway;

b. **Personal Property** meaning "state owned" personal property described in "BLLIP" and located in a building or structure occupied by the Named Covered Party.

The following items fall under the Personal Property category:

(1) Furniture and fixtures;
(2) Machinery and equipment;
(3) "Stock";
(4) All other personal property owned by you and used in your operations.

2. Property Not Covered

Covered Property does not include:

a. Accounts, bills, bullion, currency, deeds, food stamps or other evidences of debt, furs, jewelry, money, lottery tickets, notes, precious or semi-precious stones, or securities;
b. Aircraft or watercraft;
c. Animals;
d. Fine Arts and antiques;
e. Land (including land on which the property is located), water, crops, lawns, standing timber, landscaping, trees, shrubs and other outside vegetation; except that this exclusion does not apply to:
land improvements consisting of pedestrian bridges, tunnels, walkways, or other paved surfaces that are not part of the state highway system, but not including any fill or land beneath such property;
f. Underground utilities, power transmission lines and feeder lines not on "state owned" property;
g. Self-propelled vehicles and trailers tagged for road use and other self-propelled vehicles (not tagged for road use), except as provided under Section **4. Additional Coverages**,
h. Underground pipes, flues or drains, mines or mineshafts or any property within such mine or shaft;
i. Dams and dikes;
j. Personal property of state employees or of any other occupant(s) of a "state owned" or leased building or premises;
k. Property in Transit;
l. Any building or structure that is unoccupied and where the Named Covered Party has no written plan to repair, renovate or sell the building or structure prior to the loss.

3. Covered Causes Of Loss

Covered Causes of Loss mean the following:

a. Fire.

b. Lightning.

c. Explosion, including the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass. This cause of loss does not include loss or damage by:

(1) Rupture, bursting or operation of pressure relief devices; or

(2) Rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water.

d. Windstorm or Hail, but not including:

(1) Frost, freezing or cold weather;

Ice (other than hail), snow or sleet, whether driven by wind or not.

DOAS will not pay you for:

a. Hail damage not reported to DOAS within 60 days of recorded incident. Claims must include prior roof inspection reports and damage photos.

e. Smoke causing sudden and accidental loss or damage. This cause of loss does not include smoke from agricultural smudging or industrial operations.

f. Aircraft, Watercraft or Vehicles, meaning only physical contact of an aircraft, a spacecraft, a self-propelled missile, a watercraft, a vehicle or an object thrown up by a vehicle with the Covered Property. This cause of loss includes loss or damage by objects falling from aircraft. Coverage is also provided when loss is caused by or resulting from aircraft, watercraft or vehicles you own or which are operated in the course of your operations.

g. Riot or Civil Commotion, including:

1) Acts of striking employees causing damage while occupying Covered Property; and

2) Looting occurring at the time and place of a riot or civil commotion.

h. **Vandalism,** meaning willful and malicious damage to, or destruction of the Covered Property. A police report is required to substantiate the loss.

i. **Sprinkler Leakage,** meaning leakage or discharge of any substance from an "Automatic Sprinkler System", including collapse of a tank that is part of the system, which causes damage to Covered Property.

If the building or structure containing the "Automatic Sprinkler System" is Covered Property, DOAS will also pay you for the cost to:

(1) Repair or replace damaged parts of the "Automatic Sprinkler System" if the damage:

(a) Results in sprinkler leakage; or

(b) Is directly caused by freezing.

(2) Tear out and replace any part of the building or structure to repair damage to the "Automatic Sprinkler System" that has resulted in sprinkler leakage.

j. **Sinkhole Collapse,** meaning loss caused by the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

(1) The cost of filling sinkholes; or

(2) Sinking/ collapse of land into man-made underground cavities.

k. **Volcanic Action,** meaning direct physical loss or damage resulting from the eruption of a volcano when the loss is caused by:

(1) Airborne volcanic blast or airborne shock waves;

(2) Ash, dust or particulate matter; or

(3) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single loss. This cause of loss does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described building property.

l. **Earth Movement,** meaning direct physical loss or damage from any natural or man-made earth movement including, but not limited to earthquake or landslide, regardless of any other cause or event contributing concurrently or in any other sequence of loss.

All earth movements within a continuous 168 hour period will be considered a single Earth Movement.

m. **Flood**, meaning direct physical loss or damage from surface waters; rising waters; waves; tide or tidal water; the release of water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water; or the spray therefrom; or sewer back-up resulting from any of the foregoing; regardless of any other cause or event contributing concurrently or in any other sequence of loss.

n. **Falling Objects.** Meaning objects of any type falling from any source. DOAS will not pay for loss to the interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

o. **Weight of Snow, Ice or Sleet** causing damage to Covered Property.

p. **Water Damage,** meaning accidental discharge or leakage of water or steam, as the direct result of the breaking or cracking (breaking or cracking does not include improper installation or maintenance) of any part of a system or appliance containing water or steam, other than an "automatic sprinkler system". If the building or structure containing the system or appliance is Covered Property, DOAS will also pay you for the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or steam escapes. Damage caused by water resulting from a Covered Cause of Loss to the interior of any covered building or structure, or to personal property inside the building or structure caused by rain, snow, sleet or ice is considered Water Damage.

DOAS will not pay you for:

(1) The cost to repair any defect that caused the loss or damage;

(2) For loss or damage caused by or resulting from continuous or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor that occurs over a period of 14 days or more.

(3) For loss or damage caused by freezing, unless:

(a) You do your best to maintain heat in the building or structure; or

(b) You drain the equipment and shut off the water supply if the heat is not maintained.

q. **"Burglary",** meaning loss to covered building(s) and/or loss of personal property resulting from "burglary". A police report must be provided.

4. Additional Coverages

a. Collapse

DOAS will pay you for loss caused by or resulting from direct physical loss involving collapse of a Covered Building or any part of a Covered Building caused by one or more of the following:

(1) Fire; lightning; explosion; windstorm; hail; smoke; aircraft, watercraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; earth movement; flood; falling objects; weight of ice, snow or sleet; water damage; "burglary"; all only as covered in this Coverage Part;

(2) Decay that is hidden from view, unless the presence of such decay is known to the Covered Party prior to collapse;

(3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to the Covered Party prior to collapse;

(4) Weight of people or personal property, including non "state owned" property;

(5) Weight of rain that collects on a roof; and

(6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused by a cause of loss listed in **a.(1)** through **a.(5),** DOAS will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse .

Collapse does not include normal settling, cracking, shrinkage, bulging or expansion.

b. Debris Removal

The most DOAS will pay to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss will be 25% of the amount DOAS pays for direct physical loss or damage to the Covered Property that has sustained loss or damage; however, the most DOAS will pay for the total of direct physical damage plus debris removal expense at the

Covered Property location is the Covered Property location value scheduled in "BLLIP" plus $50,000.

This Additional Coverage **does <u>not</u>** apply to costs to:

(1) Extract "pollutants" from land or water;

(2) Remove, restore or replace polluted land or water; or

(3) Removing landscaping, trees, shrubs and other outside vegetation unless resting upon or on a covered location.

c. Special Limited Tree Debris Removal

DOAS will pay your reasonable expense, up to $5,000, for the removal from your insured state owned building location of:

(1) Your tree(s) felled by the covered cause of loss of windstorm or hail or weight of ice, snow or sleet whether or not the Covered Property has sustained direct physical loss or damage.; or

(2) A neighbors' tree felled by the covered cause of loss of windstorm or hail, weight of ice, snow or sleet whether or not the Covered Property has sustained direct physical loss or damage.

The $5,000 limit is the most DOAS will pay in anyone loss regardless of the number of fallen trees or covered locations.

d. Preservation of Property

If it is necessary to move Covered Property from a premises described in the "BLLIP" to preserve it from loss or damage by a Covered Cause of Loss, DOAS will pay you for any Covered Cause of Loss to that Covered Property while it is in transit or while temporarily stored at another location.

e. Fire Department Service Charge

If a fire department is called to save or protect Covered Property from a Covered Cause of Loss, DOAS will pay you for your liability for fire department service charges that you:

(1) Assumed by contract or agreement prior to loss; or

(2) Are required to pay by local ordinance.

f. Limited Radioactive Contamination

DOAS covers Covered Property other than nuclear reactors or their fuel, against direct loss or damage caused by sudden and accidental radioactive contamination, provided such radioactive contamination arises out of materials on State premises.

g. Increased Cost of Construction (Code upgrades)

In the event of loss to a covered building or structure caused by a Covered Cause of Loss, DOAS will pay you for the additional reconstruction costs related to the minimum improvements required to maintain a certificate of occupancy.

h. Business Interruption

DOAS will reimburse the Actual Loss of Income Sustained, less any non-continuing expenses and charges, resulting from direct physical loss, damage or destruction to insured Property by a Covered Cause of Loss *after* a 72 Hour Waiting Period. Business Interruption Worksheets must be completed and submitted to DOAS for approval. Worksheets are accepted once a year during the renewal cycle.

Business Interruption **does not** insure against loss due to: any consequential or remote loss, suspension, cancellation, lapse of any lease, contract, license or services rendered or not rendered during the term of this Agreement.

i. Extra Expense

DOAS will reimburse the reasonable and necessary "extra expenses" incurred by a Covered Party resulting from direct physical loss, damage, or destruction to insured Property by a Covered Cause of Loss contained in this Agreement not to exceed the greater of $50,000 or 15% of the total insured property values in BLLIP affected by the covered loss occurrence.

(1) Measurement of Loss:

a) Extra expenses to temporarily continue as nearly normal as practicable the conduct of Your business; and
b) Extra costs of temporarily using property or facilities of your agency or others, less any value remaining at the end of the term of this Agreement for property obtained in connection with the above.

(2) Extra Expense EXCLUSIONS:

a) Any loss of income.
b) Costs that normally would have been incurred in conducting the business during the same period had no physical loss or damage occurred.
c) Cost of permanent repair or replacement of property that has been damaged or destroyed.
d) Any expense recoverable elsewhere in this Agreement.

Note: Normal as referenced above means the condition that would have existed had no physical loss or damage occurred.

j. Rental Value

(1) "Rental value" loss sustained by a Covered Party resulting directly from the necessary untenantability caused by loss, damage, or destruction by any Covered Cause of Loss to real or personal property but not exceeding the reduction in "rental value" less charges and expenses which do not necessarily continue during the period of untenantability.

(2) Experience of the business:

(a) In determining the amount of "rental value" covered hereunder for the purposes of ascertaining the amount of loss sustained, due consideration will be given to the rental experience before the date of damage or destruction and to the probable experience thereafter had no loss occurred.

(b) With respect to alterations, additions, and property while in the course of construction, erection, installation or assembly, due consideration will be given to the available rental experience of the business after the completion of the construction, erection, installation or assembly.

k. Provisions Applicable to Extra Expense & Rental Value

(1) Period of Recovery: The length of time for which loss may be claimed by a Covered Party:

(a) Will not exceed such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property as has been destroyed or damaged:

(b) and, such additional length of time to restore your business to the condition that would have existed had no loss occurred, commencing on the date on which repair, replacement or rebuilding of such part of the property as has been damaged is actually completed; but in no event for more than one year thereafter from said commencement date;

(c) with respect to alterations, additions, and property while in the_course of construction, erection, installation, or assembly will be determined as provided in (a) above but

such determined length of time will be applied to the experience of the business after the business has reached its planned level of production or level of business operation;

(d) will commence with the date of such loss or damage.

(2) Special Exclusions: This section of the Agreement does not insure against any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any lease, license, contract, or order; nor for any increase of loss due to interference at your premises by strikers or other persons with rebuilding, repairing, or replacing the property damaged or destroyed, or with the resumption or continuation of business, or with the re-occupancy of the premises; nor for any loss occurring to property in transit off premises.

(3) Expenses to Reduce Loss: This Agreement also covers such reasonable expenses as are necessarily incurred for the purpose of reducing any loss under this Agreement, even though such expenses may exceed the amount by which the loss under this Agreement is thereby reduced.

(4) Extension of Coverage: This Agreement, subject to all provisions, also insures against loss resulting from damage to or destruction by the Covered Causes of Loss to: electrical, steam, gas, water, telephone, and other transmission lines and related plants, substations and equipment situated on or with one thousand feet of the Covered Property.

(5) Interruption by Civil Authority: This Agreement is extended to cover the loss sustained during the period of time when, as a direct result of a Covered Cause of Loss, access to real or personal property is prohibited by civil authority. This extension of coverage starts from the date of the loss for a period not to exceed 30 consecutive days.

(6) Ingress/Egress: This Agreement is extended to cover the loss sustained during the period of time when, as a direct result of a Covered Cause of Loss, ingress to or egress from Covered Property is thereby prevented. This extension of coverage starts from the date of the loss for a period not to exceed 60 days.

I. Electronic Data Processing Systems, Media and Equipment

(1) Personal property covered under this coverage section includes:

- **(a)** Electronic Data Processing Equipment, Electronic Data Processing Media, Accounts Receivable and Valuable Papers;
- **(b)** Electronic Data Processing Media duplicates while stored at an unnamed location for a limit of coverage not to exceed $100,000 per loss;
- **(c)** "Extra Expense" incurred resulting from loss to contents by any of the Covered Causes of Loss described herein, not to exceed $25,000;

(2) Covered Causes of Loss under this Coverage section includes:
All risk of direct physical loss of or damage to property described herein, <u>except</u> loss or damage caused by or resulting from:

- **(a)** Wear and tear, inherent vice, deterioration, rust, corrosion, insects or vermin;
- **(b)** Error in machine programming or instructions to the machines;
- **(c)** Error, omission or deficiency in design, plan, specification or workmanship.
- **(d)** Theft, unless caused by "burglary". A police report must be provided.
- **(e)** Computer virus.

(3) **Valuation**

- **(a)** Electronic Data Processing systems and equipment will be paid for at "replacement cost", if not repaired or replaced, then "actual cash value".
- **(b)** Electronic Data Processing Media will be paid for at "replacement cost"; if not repaired, replaced or restored within two years from the date of loss, the blank value of the electronic data processing media.
- **(c)** Valuable Papers and Records will be paid for based on what is determined to be the lesser cost:
  - **(i)** The cost to repair or restore the item to the condition that existed immediately prior to the loss; or
  - **(ii)** The cost to replace the item.

(4) Definitions

(a) Electronic Data Processing Equipment means electronic data processing systems which are a network of equipment, components and related peripheral equipment capable of accepting information, processing it according to a plan and producing the desired results.

(b) Electronic Data Processing Media means materials on which data is recorded, such as tapes, disc packs, punch cards or other recording devices including the information (data) recorded thereon.

(c) Valuable Papers and Records include unconverted data.

m. Boiler and Machinery

The Covered Cause of Loss under Boiler and Machinery coverage is the direct physical loss or damage as a result of an "accident." Without an "accident, "there is no coverage. The most DOAS will pay for any one covered Boiler and Machinery loss under this Agreement is $250,000 per accident, per occurrence. Should a Boiler and Machinery loss under this Agreement exceed $250,000 the policy provisions contained in the Travelers Insurance Company Boiler & Machinery Policy purchased by DOAS will dictate any additional limits of Boiler and Machinery coverage available at the time of loss.

A. **Accident** means a fortuitous event that causes direct physical damage to 'covered equipment.' The event must be one of the following: Explosion, other than combustion explosion, of steam boilers, steam piping, steam engines or steam turbines;

B. **Covered Equipment means**:

a) Boilers;
b) Steam piping;
c) Unfired vessels which, during normal usage, operate under vacuum or pressure, other than the weight of contents.

Insurance provisions pertaining to Boilers and Machinery located in Covered Property structures are on file in the D.O.A.S./RM Office.

n. Limited Coverage - Self-propelled vehicles and trailers tagged for

road use and other self-propelled vehicles (not tagged for road use)
DOAS will pay for direct physical loss or damage to "state owned" self-propelled vehicles and trailers tagged for road use and other self-propelled vehicles (not tagged for road use), when situated on the Covered Party's insured premises as described in "BLLIP"; where the cause of loss is due to fire, lightning, explosion, windstorm, smoke, riot or civil commotion, vandalism, volcanic action, sinkhole collapse, earth movement, flood, or falling objects.

(1) Limit of Coverage – The most DOAS will pay for a covered cause of loss is the lesser of:

(i) The "actual cash value" of the damaged Self-propelled vehicles and trailers tagged for road use and other self-propelled vehicles (not tagged for road use) as of the time of the loss; or

(ii) The cost of repairing or replacing the damaged Self-propelled vehicles and trailers tagged for road use and other self-propelled vehicles (not tagged for road use) with like kind and quality.

o. **Limited LEEDS Coverage**
DOAS will reimburse the reasonable and necessary additional cost incurred by a Covered Party resulting from a direct physical loss, damage or destruction by a Covered Cause of Loss as contained in this Agreement The cost to maintain the LEEDS certification at the time of loss shall not exceed the greater of $50,000 or 15% of the total insured property values in BLLIP affected by the covered loss occurrence.

5. **Coverage Extension**
DOAS automatically extends coverage to any new "state owned" building, structure or personal property you acquire during the fiscal year if the total value of the new state owned building and personal property contained therein is less than $100,000,000. However, newly acquired "state owned" buildings, structures and personal property values totaling in excess of $100,000,000 MUST be reported to DOAS *immediately* upon acquisition to effect coverage by the State's commercial excess property insurance companies.

B. EXCLUSIONS

DOAS will not pay for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

1. **Asbestos Materials**

   a. Asbestos material removal unless the asbestos itself is damaged by fire, lightning, explosion, windstorm or hail, smoke, aircraft or vehicle impact, riot or civil commotion, vandalism, or sprinkler leakage;

   b. Demolition or increased cost of construction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;

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

2. **Electronic Date Recognition**

   a. The failure of any system, whether the property of the Named Covered Party or others, to recognize any data involving any date change; or

   b. Any modification of any system, whether the property of the Named Covered Party or others, to permit such system to recognize any data involving any date change.

   However, if physical loss or damage not otherwise excluded by this Agreement results, then subject to all its terms and conditions, this Agreement shall be liable only for such resulting loss or damage.

   Definitions for Electronic Date Recognition exclusion:

   1) "System" means any computer system, hardware, firmware, program, or software or any microchip, integrated circuit, or similar device in computer equipment or non-computer equipment.

   2) "Recognize" means to recognize, interpret, calculate, compare, differentiate, distinguish, accept, sequence or process.

   3) "Data" means any data, instruction or information.

   4) "Date Change" means the date change to the year 2000, the date change in any leap year or any other date change.

   5) "Modification" means any modification, change, addition, alteration or correction.

3. **Governmental Action**

   Seizure or destruction of Covered property by any government body, including any customs or quarantine action, or the confiscation or destruction of any Covered Property by order of any government or public authority, except an order

to destroy Covered Property to prevent the spread of fire or explosion.

4. **Nuclear Hazard**
Nuclear reaction or radiation, or radioactive contamination, except as provided in Paragraph **A.4.e.,** Limited Radioactive Contamination.

5. **War and Military Action**
   a. War, including undeclared or civil war;
   b. 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
   c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

6. **Mold/Fungus**
Loss or damage caused by, arising out of, contributed to, or resulting from fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast; regardless of any other cause or event that contributes concurrently or in any sequence to such loss.

7. **Business Interruption**
Except to the extent provided by this Agreement for Agencies that complete and submit Business Interruption Worksheets annually.

C. LIMITS OF COVERAGE

The most DOAS will pay for any one covered loss occurrence (other than Boiler and Machinery) under this Agreement is $3,000,000.

Should a covered loss under this Agreement, arising from a single loss occurrence (other than Boiler and Machinery) exceed $3,000,000, the policy provisions contained in the commercial excess property insurance policies purchased by DOAS will dictate any additional limits of coverage available at the time of loss.

D. DEDUCTIBLES

1. All Covered Causes of Loss to Covered Property, with the exception of those shown below in this section, are subject to a $1,500 deductible; per occurrence EXCEPT the

Georgia Building Authority, Georgia Ports Authority and Georgia World Congress Center Authority's deductible amount is $40,000 per occurrence.

The $1,500 deductible stated above will be reduced to $1,000 for Agencies participating in the DOAS administered Comprehensive Loss Control Program.

2. Loss to Covered Property caused by or resulting from aircraft, watercraft or vehicles which you own or are operated in the course of your operations is subject to a $25,000 deductible, per occurrence, for all Agencies except the Georgia Building Authority, Georgia Ports Authority and the Georgia World Congress Center Authority.

3. Where the cause of loss is burglary, laptop computers are subject to a $1,500 deductible, per unit, subject to a maximum aggregate loss deductible of $25,000 per occurrence, for_all Agencies except the Georgia Building Authority, Georgia Ports Authority and the Georgia World Congress Center Authority.

The $1,500 deductible stated above will be reduced to $1,000 for Agencies participating in the DOAS administered Comprehensive Loss Control Program.

E. DEFINITIONS

1. **"Actual cash value"** means the "replacement cost", at the time of loss, of the damage or destroyed property, less depreciation.

2. **"Automatic Sprinkler System"** means:
   (a) Any automatic fire protective or extinguishing system, including connected:
   - **(1)** Sprinklers and discharge nozzles;
   - **(2)** Ducts, pipes, valves and fittings;
   - **(3)** Tanks, their component parts and supports; and
   - **(4)** Pumps and private fire protection mains.

   (b) When supplied from an automatic fire protective system:
   - **(1)** Non-automatic fire protective systems; and
   - **(2)** Hydrants, standpipes and outlets.

3. **"Burglary"** means forcible entry into a building or structure. There must be evidence of forcible entry. The Covered Property must be protected by a security device(s). Any and all security device(s) must be engaged at the time of the "burglary". There must be evidence that the security device(s) were engaged and circumvented or defeated at the time of the "burglary". If there is no evidence of

forcible entry, a loss to Covered Property can also be considered "burglary" if the Covered Property was secured by means such as a chain, lock, cable, bolted, and there is evidence of forced removal.

4. **"Extra Expense"** means the excess of the total cost incurred during the period of restoration of the damaged Covered Property over and above the total cost that would normally have been incurred to conduct operations during the same period had no loss occurred. These are expenses incurred around the time of the loss with the goal to reduce or mitigate the extent of the loss.

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

6. **"BLLIP"** (Buildings, Land, Leases, Inventory Property) is the data base system n which the Named Covered Party reports values and locations of Covered Property to DOAS/RMS.7. **"Rental value"** for the purposes of this Agreement is defined as the sum of:
   - **(a)** The total anticipated gross rental income from the tenant occupancy of the described property as furnished and equipped by you, and
   - **(b)** the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of you, and
   - **(c)** the fair rental value of any portion of said property which is occupied by you.

8. **"Replacement cost"** means the amount it would take to replace the damaged or destroyed property with property of like kind and quality, determined at the time of loss.

9. **"State owned"** building, structure or personal property means property to which the State of Georgia has legal title and over which it exercises possession or control.

10. **"Stock"** means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

F. CONDITIONS

1. Abandonment

There can be no abandonment of property to DOAS.

2. Appraisal

If the Named Covered Party and DOAS disagree on the amount of the loss the Named Covered Party may request an appraisal of the loss. In such case, DOAS will select an appraiser and have the loss appraised. If the Named Covered Party is not satisfied with the appraisal, the Named Covered Party may procure an appraisal at its own sole cost and expense. It 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 this Agreement.

3. **Assignment**
There shall be no assignment of this Agreement.

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:
(1) 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

(2) Notify law enforcement authorities where appropriate.
(3) 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.
(4) At the request of DOAS, give complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
(5) As often as may be reasonably required, permit DOAS to inspect the property proving the loss or damage and examine your books or records.
(6) Cooperate with DOAS in the investigation or settlement of the loss.

5. **Endorsement**
DOAS may endorse this Agreement 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. Give you reports on the conditions we find; and
c. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. DOAS does not make safety inspections. 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

For all Covered Causes of Loss:

a. In the event of loss covered by this Agreement, DOAS at its option will either pay you for the cost to repair, rebuild or replace the property with other property of like kind and quality.

b. DOAS will not pay more for loss on a "replacement cost" basis than the least of:

(1) The Limit of Coverage under this Agreement

(2) The cost to replace, on the same premises, the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(c) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

(3) The value of the damaged item(s) as listed in the "BLLIP" data base:

(a) DOAS will not pay you on a "replacement cost" basis for any loss until the lost or damaged property *is actually* repaired or replaced.

(b) If you have repaired or replaced the lost or damaged property, DOAS will pay you for loss within 30 days after receipt of the signed and notarized Sworn Proof of Loss Statement, accompanied by the necessary supporting documentation, or give you notice in writing what item(s) of the loss are in controversy.

If you decide not to repair or replace the lost or damaged property, then DOAS will only pay you for the "actual cash value." If the Covered Property was not functional, had little or no value and/or was in the process of being surplused at the time of the loss, DOAS will only pay you for the "actual cash value" of that Covered Property.

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8. No Benefit to Others

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

9. **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 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.

10. **Contributing Insurance**
    Contributing insurance is insurance written upon the same plan, terms, conditions, and provisions as those contained in this Agreement. This insurance shall contribute in accordance with the conditions of this Agreement only with other contributing insurance as defined.

11. **Excess Insurance**
    Excess insurance is insurance over the limit of liability set forth in this Agreement. The existence of such excess insurance shall not prejudice the coverage provided under this Agreement nor will it reduce any liability hereunder.

12. **Underlying Insurance**
    a. Underlying insurance is insurance on all or any part of the deductible and against all or any of the causes of loss covered by this Agreement. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Agreement.

    b. If the limits of such underlying insurance exceed the deductible amount which would apply in the event of loss under this Agreement, then that portion which exceeds such a deductible amount shall be considered other insurance, as defined in the Other Insurance clause.

13. **Other Insurance**
    Except for insurance described by the contributing insurance clause, the excess insurance clause, or the underlying insurance clause, this Agreement shall not cover to the extent of any other collectible insurance, whether directly or indirectly covering the same property against the same causes of loss. DOAS shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other collectible insurance. Notwithstanding that this Agreement only covers for the excess of any other collectible insurance, DOAS will endeavor to make prompt

payment in full of the amount of loss which would have been recoverable under this Agreement in the absence of such other collectible insurance and agrees to advance the amount of loss as a loan, without interest, repayable only in the event of and to the extent of recovery from such other collectible insurance minus the cost of recovery. As used herein, "other collectible insurance" does not include self-insurance, deductibles, self-insured retentions or fronting policies.

14. 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.

15. 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.

16. 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 this Agreement. 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.

17. Subrogation

If DOAS makes payment to you under this Agreement 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.

18. Territory

This Agreement covers "losses" anywhere in the world.

19. Vacancy

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs, DOAS will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

a. Vandalism;
b. Sprinkler leakage, unless you have protected the system against freezing;
c. Water damage
d. Burglary; or
e. Attempted burglary.

However, buildings under renovation are not considered vacant.

DEPARTMENT OF ADMINISTRATIVE SERVICES
An Agency of the State of Georgia

Sid Johnson
Commissioner