



April 30, 2019

Mr. Timothy Carroll  
Director of Emergency Management  
Town of Chilmark  
State Road, P.O Box 119  
Chilmark, MA 02525

Re: FY20 Updated Property Forms

Dear Timothy:

At MIIA, we strive to deliver to you, our member, long term stability, high quality coverage offerings and the most affordable cost of risk. As municipal exposures continue to evolve over time, we know it is important that our coverage offering expands with the market place. To that end, we decided to update all the MIIA coverage forms beginning with the property coverage forms.

We are pleased to announce the new property forms will be implemented effective July 1, 2019. As we developed the new forms, we considered claim trends, industry benchmarks and members' feedback. As a municipal focused, member driven organization, we designed the new coverages as a commitment to our member communities. The reason is simple... MIIA offers the membership comprehensive coverages, expansive risk management resources and excellent claim services.

Enclosed for your review is the easy-to-read MIIA Property Coverage Guide designed to describe the new property forms, the coverage updates and new coverage enhancements. Throughout the guide, we describe important contract language, make a reference to the specific section of the contract with helpful comments. In addition, we consolidated many of the coverage offerings into contract forms to eliminate the need for manual changes or additions.

As always, your participation and commitment to MIIA is very much appreciated. If you have any questions concerning your new property coverage forms, please contact your account executive.

Sincerely,

Stanley J. Corcoran  
Executive Vice President

enclosure





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**Boston, MA 02110**  
**800.882.1498**  
**www.emiia.org**

### ABOUT MASSACHUSETTS INTERLOCAL INSURANCE ASSOCIATION (MIIA)

We are a different kind of insurance provider. MIIA is a non-profit organization created to serve our membership – over 400 cities, towns and other public entities in Massachusetts. Our job is to help members, like you, realize the greatest possible value for their cost of risk.

MIIA understands the unique exposures faced by Massachusetts cities and towns. We have developed these updated property coverage forms with you in mind.

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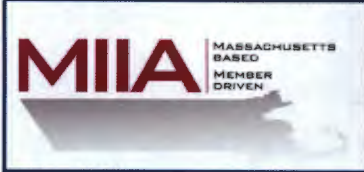
### ABOUT THE PROPERTY COVERAGE

MIIA has been serving the insurance needs of Massachusetts cities and towns since 1982 and we have been using the same basic coverage form. Insurance has evolved in that time along with your unique exposures and risks. We have revised our coverage form to reflect this evolution.

We have changed the overall structure of our contract, offered clarification, added many enhancements, and taken away a few coverage items. As a pool, we take our stewardship of your contributions very seriously. In addition, we want our contribution calculations to be equitable. We highlight the significant coverage changes in this document.

This Coverage Guide provides a summary of Property, Special Property, Business Income/Extra Expense, Crime, and Builders Risk coverages. Refer to the contract for actual wording. The contract is our agreement and in cases where it differs from this document, the contract will prevail.

The new contract form is available for review and will be issued with your renewal contract.



# Coverage Guide

## Property, Special Property, Business Income/Extra Expense, Crime, and Builders Risk

### COMMENTARY:

A 1.a *This is a change. Previously, notice was required for any renovation. Now coverage for up to \$500,000 in renovations is provided with no notice requirement.*

A 1.b

A 1.c *This is a change. Previously, personal property of others was included in "Your Personal Property". It is now a separate coverage.*

A 2.

*This is a clarification and addition. Previously, the contract did not mention these items, but excluded land and land improvements.*

## PROPERTY COVERAGE BUILDING AND PERSONAL PROPERTY COVERAGE

In order for property to be covered, it normally must be at a location listed on the Declarations or Statement of Values. The Declarations will also show which types of property are covered.

If the Declarations shows a limit for "Building", then covered property includes your buildings and their fixtures. If you are doing renovations, alterations or construction, and the cost will exceed \$500,000, you must notify us in advance of the construction or coverage will not apply.

If the Declarations shows a limit for "Your Personal Property", then covered property includes personal property you own and use for municipal operations while it is at a premises you have listed. This also includes leased property if you are required to insure it under your lease.

If the Declarations shows a limit for "Personal Property of Others", then covered property includes property you are taking care of while it is at a premise you listed.

### Property Not Covered (Excluded)

Some kinds of property aren't covered, but may be eligible for coverage in other policies. Please ask your account executive if you have this type of property. In some cases, a limited amount of coverage for this type of property is included as a coverage extension. In the list below we focus on the types of property which are most likely to be relevant to the operations of municipal law. For full detail, refer to the coverage form.

- a. Money and Securities (these are addressed in crime coverage) Animals (coverage for police dogs is provided under coverage extensions)
- d. Bridges (other than bridges which connect two buildings or two sections of one building and which are used solely for the purpose of pedestrian traffic) dams, tunnels, roadways, driveways, walks, patios or other paved surfaces; athletic field synthetic surfaces or running tracks except as provided by Coverage Extensions;
- g. The cost of excavations, grading, backfilling or filling;
- h. Land (including land on which the property is located), athletic field natural surfaces, water, growing crops or lawns (other than lawns which are part of a vegetated roof);

## Coverage Guide

### Property, Special Property, Business Income/Extra Expense, Crime, and Builders Risk

#### COMMENTARY:

*This is a clarification and addition. Previously, the contract was silent on this. Since property must be within 1,000 feet of a covered location, these were not covered.*

*This is a change. Previously, this property was not excluded. This is a standard property exclusion.*

*This is a change. We added coverage for plants which are part of vegetated roofs, and limited coverage for greens and tee boxes.*

*This is a change. We have addressed coverage for these in coverage extensions. Previously, they would be limited because they were not at a listed premises.*

*This is a change. Previously, foreclosed property was not discussed, however coverage would have been limited because they were not at a listed premises.*

*This is a change. We expanded what is provided for computers under coverage extensions, and also offer a cyber form, but limit the coverage here.*

- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks; except as provided in the Coverage Extensions;
- l. Retaining walls that are not part of a building;
- m. "Electronic Data", except as provided under the Additional Coverage, "Electronic Data";
- o. Vehicles or self-propelled machines (including manned and unmanned aircraft or watercraft) that are operated principally away from your premises, or are licensed for use on the roads;
- p. The following property while outside of buildings:
  - (1) Grain, hay, straw or other crops;
  - (2) Fences (other than fences at or on athletic field and playground equipment), radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (not attached to buildings); beach or diving platforms or appurtenances; trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), Golf Course "Greens" and "Tee Boxes". Coverage is added for these under coverage extensions.
  - (3) Guardrails, culverts, fire hydrants;  
Coverage is added for these under coverage extensions.
- q. Property acquired through foreclosure and not used for municipal operations, except as may otherwise be provided by endorsement hereto;
- r. Computer Equipment and Electronic Data.  
Coverage is added for these under coverage extensions.

COMMENTARY:

A 3.

What can happen to your property? We discuss this below when we look at the "Special Causes of Loss Form"; property is covered for direct physical causes, unless excluded. This reflects the restructuring of the contract, we now use a "Covered Causes of Loss Form".

A 4.

### ADDITIONAL COVERAGES

The standard contract applies to damage to the types of property described above, but there are many more ways you could experience costs due to a covered cause besides direct damages. Some of these are addressed in "Additional Coverages".

A. 4.a

#### Debris Removal

In addition to the cost of repairing damages, a covered event will often leave a pile of debris. Your contract addresses this. You must report the debris removal claim within 180 days.

*This is a change. Previously, only \$10,000 was available.*

This coverage provides up to 25% of the cost of direct physical damage to be used for debris removal. An additional \$25,000 is available if the limit is inadequate.

*This is a change and addition. Previously, coverage only applied to removal of debris of covered property.*

Sometimes you will incur expense to remove debris of property which is not your property, for example, property of a neighbor. Your contract provides \$5,000 for this exposure.

A 4.b

#### Preservation of Property

If you need to move property to preserve it from loss or damage by a Covered Cause of Loss, we will provide 30 days of coverage at a location you move it to, and while moving it. The requirement that your property be at a listed location is waived when this provision applies.

A 4.c

#### Fire Department Service Charge

*This is a change. Previously, limited to \$5,000.*

If a local ordinance requires that you pay for a fire department to respond, we will pay up to \$25,000.

A 4.d

#### Pollutant Clean Up

*This is a clarification describing how the limit applies only once.*

If you need to clean up land or water because a pollutant was released by a Covered Cause of Loss, the contract will provide up to \$500,000 for this expense. This limit applies once per year regardless of how many incidents, locations, or policies you have.

# Coverage Guide

## Property, Special Property, Business Income/Extra Expense, Crime, and Builders Risk

**COMMENTARY:**

A 4.e

*This is a change. The endorsement provides the full contract limit for value of the building if it must be demolished to enforce a law, and \$1,000,000 each for cost of compliance and cost of demolition. Previously, full limits were available for all three exposures.*

A 4.f

*This is a change. Previously, no coverage was provided for virus, and the available coverage for other damages was not limited to this list of Causes of Loss.*

A 4.g

A 4.h

*This is a change. Previously, no such additional coverage was provided.*

A 4.i

*This is a change. Previously, this was limited to \$10,000. We have also clarified that this is not available for the list of professionals stated here.*

A 4.j

*This is a change. This additional coverage was not previously provided.*

### Increased Cost of Construction

If you must demolish a building, or pay additional costs to build a superior structure in order to comply with building code, additional coverage is provided. This Additional Coverage provides up to \$10,000 for this exposure. This is not adequate in most cases, and the Ordinance or Law coverage endorsement increases these limits and broadens the coverage. Higher limit may be purchased.

### Electronic Data

If your data is damaged by fire, lightning, explosion, windstorm or hail, smoke, aircraft, vehicles, riot or civil commotion, vandalism, leakage from fire-extinguishing equipment, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet, water damage, or collapse, \$100,000 in coverage is provided. If it is damaged by virus, \$25,000 in coverage is provided. Higher limits are provided in the Cyber coverage.

### Computer Equipment

If your computers are damaged, we will pay up to the Computer Equipment limit shown on the Declarations.

### Green Building

If you incur additional costs in order to have a building recertified to comply with LEED, Green Globes or EnergyStar, we will pay up to \$100,000 of that cost.

### Loss Adjustment Expense Coverage

If you incur costs in preparing claim documentation, we will pay up to \$20,000 of that cost. This does not apply to costs for a public adjuster, loss adjuster, loss consultant, insurance broker or insurance agent.

### Errors and Omissions Coverage

We expect transparency and good faith on both our parts in preparing the information which delineates your coverage, but we know mistakes happen. If you make a mistake on the address of a location, delete a location in error, or mistakenly omit a location, we will provide up to \$500,000 in coverage. You must tell us as soon as you realize the error, and we will adjust your contribution.

# Coverage Guide

## Property, Special Property, Business Income/Extra Expense, Crime, and Builders Risk

**COMMENTARY:**

A 5.

**COVERAGE EXTENSIONS**

The coverage extensions allow you to use your coverage for exposures which are not otherwise addressed. In most cases, these only apply to property at your premises.

A 5.a

**Newly Acquired or Constructed Property**

*This is a change. Previously, you were required to report within 90 days of acquisition.*

We expect you to let us know when you acquire a building or increase the value of property you own. However, if something gets added, and we are not immediately advised, there is \$1,000,000 in coverage for six months. When you notify us, we will adjust contribution back to the date you acquired it. This doesn't apply while you are constructing property, and it doesn't apply to vacant buildings or foreclosed buildings.

A 5.b

**Personal Effects and Property of Others**

*This is a change. Previously, student's property was included here.*

If you did not select a limit for property of others in coverage A 1. c., a limited amount of \$20,000 is available under this coverage extension. This only applies to property owned by your officers, your partners or members, your managers, or your employees, or others if it is in your care, custody or control.

A 5.c

**Valuable Papers and Records**

*This is a change. Previously, the full coverage limit applied to this exposure, and it was not limited to the Causes of Loss stated. Higher limits are available.*

If your information (other than electronic data) is damaged by fire, lightning, explosion, windstorm or hail, smoke, aircraft, vehicles, riot or civil commotion, vandalism, leakage from fire-extinguishing equipment, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet, water damage, or collapse, \$100,000 in coverage is provided.

A 5.d

**Property Off-Premises**

Our contract normally requires that your property be at a location stated, but if it is temporarily at another location, you can extend coverage to that location. The limit is \$100,000.

A 5.e

**Outdoor Property**

*This is a change. Several Causes of Loss have been added, and tees and greens have been added. We have moved synthetic surfaces to the next coverage extension.*

Coverage is provided for some types of property which are excluded under the types of property covered. These must be on your premises. The following types of property are covered if damaged by fire, lightning, explosion, riot or civil commotion, aircraft, falling objects, sinkhole collapse or volcanic action:

Outdoor fences, plants, retaining walls, bulkheads, pilings, piers, wharves, docks, beach platforms, and diving platforms, signs (not attached to buildings), golf course greens and tee boxes. Golf course greens and tee boxes are also covered for four more causes. They have coverage for windstorm, smoke, vehicles and vandalism. Your radio and television antennas (including satellite dishes) are covered for damage caused by fire, lightning, explosion, riot or civil commotion, aircraft, falling objects, sinkhole collapse or volcanic action, windstorm, hail, or vandalism. All of the types of property listed above share a \$100,000 limit.



**COMMENTARY:**

<p>A 5.f</p> <p><i>This is a change. The covered Causes of Loss has been expanded. Previously, synthetic surfaces were only covered for Fire, Lightning, Explosion, Riot or Civil Commotion, or Aircraft. Previously, the settlement basis was replacement cost.</i></p>	<hr/> <b>Artificial Turf</b> <hr/> <p>Coverage applies to artificial or synthetic grass surface or carpet found on athletic fields, running tracks, and playgrounds. This is coverage for the same Causes of Loss which apply to your buildings, except not freezing, thawing, flood, or earth movement. Depreciation will apply to settlements for Artificial Turf. A specific limit applies for this coverage.</p>
<p>A 5.g</p> <p><i>This is a change. The covered Causes of Loss has been expanded and we have clarified that this is off premises property.</i></p>	<hr/> <b>Outdoor Off-Premises Property</b> <hr/> <p>Some types of property owned by you won't be on your premises. We are providing coverage for the following types of outdoor property without the requirement that they be at your premises: utility poles, street lights, traffic signals and traffic signal control boxes, automated parking ticket machines, parking meters, Public Automotive Charging Stations, and mechanized waste and recycling stations.</p> <p>These types of property are covered for a limited set of Causes of Loss: Fire, lightning, explosion, riot or civil commotion, aircraft, falling objects, sinkhole collapse or volcanic action, windstorm, hail, vehicles and vandalism.</p> <p>This coverage is limited to \$25,000.</p>
<p>A 5.h</p> <p><i>This is a change. Previously, the contract was silent about such trailers. This change mirrors standard coverage forms.</i></p>	<hr/> <b>Non-Owned Detached Trailers</b> <hr/> <p>Coverage is provided for trailers (including portable storage units) on your premises, this is limited to \$5,000.</p>
<p>A 5.i</p> <p><i>This is a change. Previously, the contract was silent about such property. This change mirrors standard coverage forms.</i></p>	<hr/> <b>Business Personal Property Temporarily in Portable Storage Units</b> <hr/> <p>Coverage is available for property in a storage unit for less than 90 days. A \$10,000 limit applies.</p>
<p>A 5.j</p> <p><i>This is a change. Previously, the contract did not state that coverage for animals applied if they were off premises. It also did not limit animal coverage to only police dogs.</i></p>	<hr/> <b>Police Dogs</b> <hr/> <p>Coverage applies to police dogs who are injured and killed by fire, lightning, explosion, windstorm or hail, smoke, aircraft, vehicles, riot or civil commotion, vandalism, leakage from fire- extinguishing equipment, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet, or water damage. This applies on and off premises. Coverage only applies if the dog is killed or must be destroyed as a consequence of the event.</p>

## Coverage Guide

### Property, Special Property, Business Income/Extra Expense, Crime, and Builders Risk

**COMMENTARY:**

A 5.k

*This is a change. Previously, the contract was silent about such property.*

**Commandeered Property**

Coverage applies to property you commandeer if damage is caused by fire, lightning, explosion, windstorm, smoke, riot or civil commotion, vandalism, aircraft, vehicles. This is limited to \$100,000.

A 5.l

*This is a change. Previously, the contract was silent about such property.*

**Confiscated Property**

Coverage applies to property you confiscate. This is limited to \$100,000.

A 5.m

*This is a change. Previously, such property was covered only if damaged.*

**Undamaged Leasehold Improvements**

If you are renting space, and the lease is canceled due direct physical loss or damage by a Covered Cause of Loss, coverage applies to your improvements to that space. This is limited to \$50,000.

A 5.n

*This is a change. Previously, the pollution exclusion would have applied.*

**Accidental Classroom Spills**

Coverage applies to expenses incurred by you to clean up accidental classroom chemical spills. This is limited to \$50,000 each year.

A 5.o

**Accounts Receivables**

If you are unable to collect amounts owed to you because of damage to accounts receivable records, we will pay for those amounts. This is limited to \$100,000 each year per premises.

### PROPERTY COVERAGE – SPECIAL CAUSE OF LOSS

*This is a change in design, but not intention. Previously, the open perils provisions were found in the property coverage form.*

This form describes the ways in which the property could be damaged. We are using an "open perils" design, which means, if a direct physical loss damages the property, it is covered unless an exclusion applies.

**EXCLUSIONS Noted Below**

B 1.a

**Ordinance or Law**

If your property is damaged by the enforcement of a law, coverage does not apply. This doesn't apply when the additional coverage "Ordinance or Law" applies.

B 1.b

**Earth Movement**

This is excluded and a separate coverage is available. If the earthquake causes fire, damage caused by fire is covered.

# Coverage Guide

## Property, Special Property, Business Income/Extra Expense, Crime, and Builders Risk

**COMMENTARY:**

B 1.c

**Governmental Action**

Seizure or destruction of property by order of governmental authority is excluded.

B 1.d

**Nuclear Hazard**

Damage caused by nuclear reaction or radiation, or radioactive contamination is excluded. If the nuclear event causes fire, damage caused by the fire is covered.

B 1.e

*This is a change. Previously, the exclusion would have applied to computers.*

**Utility Services**

If a utility service fails to provide service at your premises, resulting in damage, that damage is excluded. However, if that failure results in a subsequent covered Cause of Loss then the damage resulting from that subsequent cause is covered. This exclusion does not apply to damage to computers.

B 1.f

**War and Military Action**

No coverage for damages due to war is provided.

B 1.g

**Water**

This is excluded. However, loss due to backup of sewers, drains or sump pumps is not excluded, unless the property is in a high hazard flood zone. Separate coverage is available.

B 1.h

*This is a change. Previously, the exclusion was differently structured, and exclusion of bacteria has been added.*

**Fungus, Wet Rot, Dry Rot and Bacteria**

Coverage is removed for damage caused by fungus, rot or bacteria. There are exceptions.

- 1) If the fungus, rot or bacteria causes fire, lightning, explosion, windstorm or hail, smoke, aircraft, vehicles, riot or civil commotion, vandalism, leakage from fire-extinguishing equipment, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet, or water damage (the "specified Causes of Loss"), then the damage caused by the specified cause is covered.
- 2) There is an additional limited coverage for damage caused directly by fungus, rot or bacteria, it provides \$25,000 per occurrence and \$100,000 per year.

B 1.i

*This is a restructuring. Previously, this exclusion was in an endorsement.*

**Certain Computer-Related Losses**

Coverage is excluded for losses due to the inability of a computer to correctly recognize dates or times.

B 2.a

**Artificially Generated Energy**

Coverage is excluded if artificially generated energy damages, disturbs, disrupts or otherwise interferes with an electric device. This exclusion does not apply to damage to computers.

## Coverage Guide

### Property, Special Property, Business Income/Extra Expense, Crime, and Builders Risk

COMMENTARY:

B 2.b

**Delay, Loss of Use or Loss of Market**

These are excluded, if they cause damage to your property.

B 2.c

**Smoke, Vapor or Gas from Agricultural-Smudging or Industrial Operations**

These are excluded, if they cause damage to your property, loss of income, or extra expense.

B 2.d

**Gradual Causes / Maintenance**

There are seven specific gradual causes which are not covered, for example wear and tear, rust, and mechanical breakdown. Most of these exclusions do not apply to damage to computers. If any of these causes results in fire, lightning, explosion, windstorm or hail, smoke, aircraft, vehicles, riot or civil commotion, vandalism, leakage from fire-extinguishing equipment, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet, or water damage (the "specified Causes of Loss"), then the damage caused by the specified cause is covered.

B 2.e

**Explosion of Steam Boilers**

This is excluded. If fire ensues the fire is covered. This exclusion does not apply to damage to computers. Separate coverage is available.

B 2.f

*This is a change.  
This exclusion has been  
added.*

**Gradual Water Damage**

We now exclude 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.

B 2.g

**Frozen Plumbing**

If pipes freeze, and you did not do your best to maintain heat in the building or structure, or drain the equipment, then the damage is excluded.

B 2.h

**Dishonesty**

Theft or other dishonest acts by people to whom you entrust property is excluded. Separate coverage is available.

B 2.i

**Voluntary parting**

If someone entrusted with property is induced by fraud to part with it, the loss is excluded.

B 2.j

**Exposed Property**

If personal property is left outside, then damage due to rain, snow, ice or sleet is excluded.

### COMMENTARY:

B 2.k

#### **Collapse**

Collapse is excluded, but there are exceptions. If the collapse is caused by breakage of building glass, weight of rain that collects on a roof, weight of people or personal property, or one of the specified Causes of Loss (fire, lightning, explosion, windstorm or hail, smoke, aircraft, vehicles, riot or civil commotion, vandalism, leakage from fire-extinguishing equipment, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet, or water damage), then the collapse is covered. There is also an additional coverage for collapse due to certain other causes, which we will discuss in the additional coverages review.

B 2.l

#### **Pollutants**

Release of pollutants is excluded, but there are exceptions. If the release is caused by one of the specified Causes of Loss (fire, lightning, explosion, windstorm or hail, smoke, aircraft, vehicles, riot or civil commotion, vandalism, leakage from fire-extinguishing equipment, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet, or water damage), then the release is covered.

B 2.m

*This is a change.  
This exclusion has been  
added. This exclusion is  
typical in property policies.*

#### **Neglect**

If you do not use reasonable means to protect property from further damage at the time of loss, coverage is excluded.

B 3.a

#### **Weather Conditions**

If a weather condition contributes to an event excluded by one of the following, then there is no coverage for that weather condition.

- B 1. a. Ordinance or Law
- B 1. b. Earth Movement
- B 1. c. Governmental Action
- B 1. d. Nuclear Hazard
- B 1. e. Utility Services
- B 1. f. War and Military Action
- B 1. g. Flood
- B 1. h. Fungus, Wet Rot, Dry Rot and Bacteria
- B 1. i. Certain Computer-Related Losses

B 3.b

#### **Acts or Decisions**

If the sole cause of a loss is a government agency's action, coverage does not apply. But if this action causes other damage, that damage is covered.

### COMMENTARY:

B 3.c

#### **Negligent Work**

If the sole cause of a loss is faulty planning, design, workmanship, material or maintenance, coverage does not apply. But if this action causes other damage, that damage is covered.

B 4.a(2)

*This is a change.  
This exclusion has been added. This exclusion is typical in property policies.*

#### **Antennas**

Business Interruption and Extra Expense losses caused by or resulting from direct physical loss or damage to radio or television antennas are excluded.

B 4.a(3)(a)

#### **Strikes**

Increase of Business Interruption and Extra Expense losses due to interference at the location of the rebuilding, repair, or replacement by strikers or other persons is excluded.

B 4.a(3)(b)

#### **Suspension of Lease or Contract**

Increase of Time Element losses due to suspension, lapse or cancellation of any license, lease, or contract is excluded.

C 1.c

#### **Rain, Snow, Sleet, Ice, Sand or Dust**

If the interior of a building or property in the building is damaged by rain, snow, sleet, ice, sand or dust, coverage applies only if the building first sustains damage through which the rain, snow, sleet, ice, sand, or dust enters.

C 1.d

#### **Disappearance**

If property is missing, and the only evidence of the loss or damage is a shortage disclosed on taking inventory, we will not pay the claim.

C 1.f

*This is a change. Previously, vegetated roofs were treated the same as other plants, with coverage for only a short list of causes. We now provide broader coverage for vegetated roofs, and must limit it to avoid paying for events within the natural life cycle of plants.*

#### **Vegetated Roofs**

We will not pay for damage to vegetated roofs when damaged by causes which are specifically harmful to plant. This includes: dampness or dryness of atmosphere or of soil supporting the vegetation, changes in or extremes of temperature, disease, frost, hail, rain, snow, ice or sleet.

# Coverage Guide

## Property, Special Property, Business Income/Extra Expense, Crime, and Builders Risk

COMMENTARY:

**ADDITIONAL COVERAGES**

D 2.

**Collapse**

As discussed above (B. 2. k) – collapse is excluded, with exceptions. In addition to the exceptions noted above, coverage is provided by means of an additional coverage.

Coverage is added if the cause of the collapse is:

- a. Building decay that is hidden from view;
- b. Insect or vermin damage that is hidden from view;
- c. Use of defective material or methods if the collapse occurs during the course of the construction.

E

*This is a change. As discussed above, bacteria has been added to the exclusion and the additional coverage.*

**Limited Coverage for Fungus, Wet Rot, Dry Rot, and Bacteria**

As discussed above (B. 1. h) – fungus, rot and bacteria are excluded, with exceptions. In addition to the exceptions noted above, coverage is provided by means of an additional coverage. We will pay for removal and testing up to \$25,000 per event, and \$100,000 per year.

F

*This is a change. Previously, this additional coverage was not provided.*

**Property in Transit**

In general, coverage only applies to property at your premises, but there is limited coverage for property in transit. This coverage provides \$50,000 for loss due to fire, lightning, explosion, windstorm or hail, riot or civil commotion, vandalism, pipe breaking, or theft of a full package with visible marks of entry to the vehicle. For more extensive transit coverage, we turn to the Special Property forms.

### PROPERTY COVERAGE BUSINESS INCOME AND EXTRA EXPENSE COVERAGE

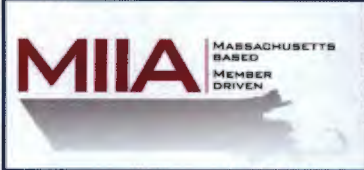
*This is a change in structure, but not intention. Previously, the indirect expense provisions were found in the property coverage form.*

In addition to expenses to repair or replace your premises following a covered cause of loss, you would face indirect expenses to keep the municipality running. For example, you might need to rent alternative space or you could lose income from some municipal operations. This form describes how we address indirect damages.

A 1.

**Business Income**

Coverage applies to actual Loss of Business Income you sustain due to the necessary suspension of municipal operations when property at a covered location is damaged due to a covered cause of loss.



# Coverage Guide

## Property, Special Property, Business Income/Extra Expense, Crime, and Builders Risk

### COMMENTARY:

A 2.

*Previously, this was limited only applying when covered property was damaged, not when any property at a covered location is damaged, as is now provided.*

#### Extra Expense

Coverage applies to increased costs to continue operations when property at a covered location is damaged due to a covered cause of loss.

A 4.

#### Limitation – Interruption Due to Destruction or Corruption of Electronic Data

If the cause of interruption is destruction or corruption of data, coverage is limited as detailed below.

A 5.

#### Additional Coverage

In addition to the Business Income/Extra Expense, we provide some additional coverages for indirect damages. Below we focus on the ones relevant to municipalities.

A 5.b

*This is a change. Previously, this coverage was not provided.*

#### Alterations and New Buildings

When we agree to provide coverage under the “Building and Personal Property” coverage form, a building under construction or alteration, and damage to that construction (due to a covered cause of loss) results in Business Interruption or Extra Expense, we will pay for that loss.

A 5.d

*This is a change. Previously, coverage was not limited to \$25,000. Previously, coverage was not provided for virus.*

#### Interruption Due to Destruction or Corruption of Electronic Data

If the cause of interruption is destruction or corruption of data, coverage is limited to \$25,000, and only applies if the interruption is caused by fire, lightning, explosion, windstorm or hail, smoke, aircraft, vehicles, riot or civil commotion, vandalism, leakage from fire-extinguishing equipment, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet, or water damage (the “specified Causes of Loss”), virus, interruption of electric power or electric power surge, blackout, or brownout outside the described premises. Broader coverage is available through the Cyber form.

A 6.

### COVERAGE EXTENSIONS

In addition to coverage for indirect damage due to direct damage at covered locations, you may extend the coverage as follows.

A 6.a

*This is a change. Previously, this extension was not provided.*

#### Newly Acquired Locations

\$100,000 is available for Business Interruption/Extra Expense at a location you acquire, provided the direct damage occurs within the first 180 days after you acquire the location.



**COMMENTARY:**

A 6.b

*This is a change. Previously, this extension only addressed service interruption due to the Causes of Loss addressed within mechanical breakdown coverage. In addition, the full extra expense or business interruption limit was available.*

B

*This is a change. Previously, we would pay 12 months for business interruption and a limit stated on the Declarations for Extra Expense.*

*This is not a material change.*

*This is a change. The endorsement provides the full contract limit for value of the building if it must be demolished to enforce a law, and \$1,000,000 each for cost of compliance and cost of demolition. Previously, full contract limits were available for all three. Higher limits are available for additional cost.*

*This is a change. Previously, this coverage expansion was not provided.*

**Off-Premises Utility Failure**

\$50,000 is available for Business Interruption/Extra Expense due to damage to utility services.

**Limits of Insurance**

We will pay up to 12 months of lost Business Income/Extra Expenses and actual loss sustained.

## EARTHQUAKE AND FLOOD COVERAGE

These Causes of Loss are excluded on the standard form, and you can purchase separately through two separate coverage forms. The flood endorsement does not apply to any property in a high hazard flood zone.

## ORDINANCE OR LAW COVERAGE

In "Additional Coverages" of the Building and Personal Property coverage, we discussed that additional coverage is provided for the exposure due to requirements that you demolish a building, or pay additional costs to build a superior structure in order to comply with code. This coverage provides a \$10,000 limit for this exposure. This is not adequate in most cases, and the Ordinance or Law coverage endorsement increases these limits and broadens the coverage.

## MASSACHUSETTS TENANT RELOCATION

Massachusetts law requires that anyone who serves as a residential landlord carry coverage in the amount of \$750 per unit for the benefit of tenants who are displaced by fire. This endorsement meets this obligation. While it is not our intention to cover municipalities serving as landlords, we provide this endorsement to assure legal compliance.

## CRISIS RESPONSE COVERAGE

When a violent event occurs at your premises or during a school sponsored activity, we will provide coverage for counseling, loss of income, extra expense and public relations expense. We will pay up to \$250,000 with a \$2,500 deductible.

**COMMENTARY:**

*This is not a material change.*

*This is a change in structure, but not intention. Previously, Equipment Breakdown coverage was found in the property coverage form.*

A 5.

A 5.a

*This is a change. The time deductible has been added.*

A 5.b

A 5.c

*This is a change. The time deductible has been added.*

A 5.d

*This is a change. Previously, this benefit was not provided.*

A 5.e

A 5.f

**TERRORISM EXCLUSION**

A Terrorism Exclusion applies, precluding coverage for terrorist events. However, coverage is added back under the federal terrorism program.

**EQUIPMENT BREAKDOWN COVERAGE**

Equipment Breakdown is now provided by an endorsement.

**COVERAGE EXTENSIONS**

In addition to the damage to the equipment, the equipment breakdown coverage also provides coverage for some consequential damages.

**Perishable Goods**

If a breakdown of covered equipment results in spoilage of your goods, we will cover up to \$25,000. This also applies if the spoilage is due to utility interruption, but the interruption must last more than 12 hours.

**Expediting Expenses**

If you need to pay overtime or other extra costs to rapidly respond to a covered equipment breakdown, we will pay those costs up to \$100,000.

**Utility Interruption**

If you are unable to continue operations due to a breakdown of equipment owned by a supplier, we will pay Business Interruption and Extra Expense. This is subject to a deductible of at least 12 hours, or longer if a longer period is stated on the Declarations.

**Drying Out**

If your equipment requires drying out a result of a flood, waves, tides, tidal waves, or overflow of any body of water we will pay up to \$10,000 for drying out expenses.

**Pollutant Clean Up and Removal**

If breakdown of your equipment causes discharge of pollutants, we will pay up to \$500,000 to clean up.

**Data and Media**

If breakdown of your equipment causes damage to your information, we will pay up to \$100,000 to repair, and we will pay Business Interruption and Extra Expense due to this interruption.

# Coverage Guide

## Property, Special Property, Business Income/Extra Expense, Crime, and Builders Risk

**COMMENTARY:**

A 5.g		<p><b>Demolition and Increased Cost of Construction</b></p> <p>If, following a covered breakdown to covered equipment, an Ordinance or Law requires demolition or replacing the equipment with superior equipment, we will pay up to \$25,000 for that additional cost.</p>
A 5.h		<p><b>Hazardous Substances</b></p> <p>If covered equipment is damaged by a hazardous substance, we will pay up to \$500,000 to repair or replace that equipment.</p>
A 5.i		<p><b>CFC Refrigerants</b></p> <p>If, following a covered breakdown to covered equipment, you incur additional costs because of the presence of chlorofluorocarbons, we will pay up to \$100,000 for that additional cost.</p>
A 5.j		<p><b>Limited Coverage for Fungus, Wet Rot and Dry Rot</b></p> <p>If, following a covered breakdown to covered equipment, you incur additional costs because of the presence of fungus, wet rot or dry rot, we will pay up to \$25,000 for that additional cost. This limit applies once per occurrence, subject to an annual aggregate of \$100,000.</p>
A 5.k		<p><b>Green Upgrades</b></p>
A 10.	<p><i>These are changes. Previously, these benefits were not provided.</i></p>	<p>If following a covered breakdown to covered equipment, you incur additional costs because of upgrading to green equipment, we will pay additional costs up to 25% of the loss or \$100,000 (whichever is less). The loss settlement provisions also provide for "New Generation" replacement, permitting you up to an additional 50% of the loss amount to replace equipment with alternatives which are more efficient or safer.</p>
A 11.		<p><b>Jurisdictional Inspections</b></p> <p>We will provide pressure vessel certificate-of-operation engineering services where required and permitted.</p>
A 12.		<p><b>Suspensions</b></p> <p>If we find that covered equipment is dangerous, we may immediately suspend coverage on it.</p>

### COMMENTARY:

## SPECIAL PROPERTY COVERAGE

The Building and Personal Property coverage form is designed for your property at your scheduled locations. It has a few provisions which address property at other locations, but property which is mobile in nature is addressed by the Special Property Coverage Form. This form replaces a host of forms which were previously in place for different types of mobile coverage. We have consolidated these forms and indicate which ones of these are in place on the Declarations Page.

### Covered property

The potential types of covered equipment consist of:

- a. Cameras, projection machines, films and related equipment and accessories owned by you;
- b. Musical instruments and related equipment and accessories owned by you;
- c. "Fine arts" owned by you;
- d. Mobile radio and telephone equipment owned by you;
- e. Contractors equipment owned by you and itemized in the Special Property Declarations;
- f. With respect to police, fire or other emergency vehicles itemized in the Special Property Declarations, accessories including, but not limited to spot lights, light racks, cages and electronic equipment;
- g. Property itemized in the Special Property Declarations;
- h. "Watercraft" and accessory equipment owned by you; when this coverage is in place, there is also coverage for expenses of recovering the watercraft, and necessary repairs to protect from further damage;
- i. Similar property of others that is in your care, custody or control and itemized in the Special Property Declarations.

## COVERAGE EXTENSIONS

B 1.

*This is a change. Previously, this provision only applied to certain categories of special property.*

### Replacement Property

We expect you to keep us informed of changes to your schedules of property, but sometimes that is not feasible. 90 days of coverage is provided when you replace covered property. This is limited to 10% of the limits of insurance, or \$10,000, whichever is less.

B 2.

*This is a change. Previously, this provision only applied to certain categories of special property.*

### Newly Acquired Owned Equipment

We expect you to keep us informed of changes to your schedules of property, but sometimes that is not feasible. 90 days of coverage is provided when you acquire property of a type we are already covering. This is limited to 25% of the limits of insurance or \$100,000, whichever is less.

## Coverage Guide

### Property, Special Property, Business Income/Extra Expense, Crime, and Builders Risk

**COMMENTARY:**

B 3.	<p><b>Hired or Borrowed Equipment</b></p> <p>If you have covered contractors equipment, and you are borrowing or renting similar equipment, we will cover that equipment. The most we will pay is \$100,000.</p>
B 4.	<p><b>Unscheduled Property</b></p> <p>If you have covered contractors equipment, we will provide up to the lesser of \$40,000 or 10% of the scheduled amount for property which is not listed. This coverage applies on an actual cash value, meaning depreciation will apply to claims.</p>
B 5.	<p><b>Recertification Expense</b></p> <p>If a covered cause of loss damages covered fire department apparatus, we will pay up to \$5,000 for the cost of recertification of such equipment.</p>
B 6.	<p><b>Debris Removal</b></p> <p>This coverage provides up to 25% of limit of insurance (maximum \$25,000) to be used for removing debris of covered property.</p>
B 7.	<p><b>Pollutant Clean Up and Removal</b></p> <p>This coverage provides up to \$25,000 to clean up land or water if pollutants are released due to a covered Cause of Loss to Covered Property.</p>
B 8.	<p><b>Towing</b></p> <p>This coverage provides up to \$100 for the cost to tow contractors or special equipment.</p>
B 9.	<p><b>Rental Expense Reimbursement</b></p> <p>This coverage provides up to \$10,000 for the cost to rent contractors or special equipment when you must do so because your equipment is damaged in a covered loss. This is an annual limit.</p>
B 10.	<p><b>Equipment on Shore</b></p> <p>Permanent equipment which is separated from a watercraft is covered for up to 25% of the value of the watercraft.</p>
B 11.	<p><b>Unattached Equipment</b></p> <p>Equipment and accessories, portable and detached, used in connection with the operation of a covered watercraft are covered for up to 25% of the value of the watercraft.</p>
B 12.	<p><b>Towing Cost</b></p> <p>This coverage provides up to \$300 for the cost to tow watercraft which is disabled.</p>

*This is a change. Previously, this provision only applied to certain categories of special property.*

COMMENTARY:

*This is a change in structure, but not intention. Previously, crime coverage was found in the property coverage form.*

A 1.,2.

A 3.

A 4.,6.

A 7.

A 8.

A 9.

A 10.

A 11.

*This is a change. Previously, this coverage was not provided.*

A 12.

### CRIME COVERAGE

As a municipality, you have assets which could be stolen in a variety of ways. Crime coverage is provided to address this exposure. Each of the coverages below applies only if a limit for this coverage is shown on your Declarations page.

#### Employee Theft

Coverage applies to loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee".

#### Forgery or Alteration

Coverage applies to loss due to forgery of your checks.

#### Theft of Money and Securities

Coverage applies to theft of money on your premises or in the bank. Coverage also applies if the money is off premises in the care of your employee or armored truck.

#### Computer Fraud

Coverage applies to fraudulent transfer of money resulting from use of a computer.

#### Funds Transfer Fraud

Coverage applies to loss from fraudulent instructions to a financial institution to transfer from your transfer account.

#### Money Orders and Counterfeit Money

Coverage applies if you accept counterfeit money in good faith.

#### Social Engineering Fraud

If you suffer a loss due to someone pretending to be a vendor or an employee authorized to instruct other employees to transfer money, coverage applies.

#### Third Party Property

If you are providing in-home services such as health care, educational enrichment or social services, and your client sustains a loss due to theft by an identified employee, coverage applies.

#### Faithful Performance of Duty

Coverage applies if an employee fails to faithfully perform his or her duties as prescribed by law, and a loss of your money, securities or other property results.

# Coverage Guide

## Property, Special Property, Business Income/Extra Expense, Crime, and Builders Risk

COMMENTARY:

**EXCLUSIONS**

There are many exclusions, and we will not discuss all of them but call your attention to ones with specific impact.

D 1.b

**Prior Knowledge**

If you or any of your officials knew of a dishonest act committed prior to the start of this policy, theft coverage does not apply to that employee.

D 2.a

**Bonded Employees**

This coverage is not a substitute to individual bonding. If an employee must be individually bonded, this coverage does not apply to that employee.

D 2.d

**Treasurers or Tax Collectors**

This coverage does not apply to loss caused by any treasurer or tax collector.

**CONDITIONS**

E 1.g

**Employee Benefit Provisions**

You can name employee benefit plans as insureds and they will be covered with no deductible.

E 2.d

**Student Activity Account Limitations**

*This is a change. This limitation has been added*

Student activity accounts are subject to a limit stated on the Declarations.

**BUILDERS RISK COVERAGE**

Additions, alterations, or renovations to buildings with a construction budget over \$500,000, or new construction are not covered under the Building and Personal Property form. Instead, we will arrange Builders Risk coverage for you. Like the Building and Personal Property form this is structured with a coverage form and a Causes of Loss form. The same Causes of Loss form applies as discussed above.

A 4.

*This is a change in structure. Previously, Builders Risk was provided as an endorsement to the Building and Personal Property form.*

**Additional Coverages**

The following additional coverages discussed in the Building and Personal Property form are duplicated in the Builders Risk form:

- a. Debris Removal
- b. Preservation of Property
- c. Fire Department Service Charge
- d. Pollutant Clean-up and Removal

**COMMENTARY:**

A 4.e

*This is a change. Coverage for soft costs has been added, and the limits have been specifically designated.*

**Delay in Completion Expenses**

Coverage applies for loss of earnings and Extra Expenses due to delay in the construction project when that delay is due to a covered cause of loss. Coverage also includes additional soft costs such as additional interest and insurance costs when the project is delayed due to a covered cause of loss. Delay in completion is limited to an amount stated on the Declarations.

A 5.

*This is a change. Previously, "valuable papers" and "property off premises" also applied on the Builders Risk.*

**COVERAGES EXTENSIONS**

The following coverages extensions apply on the Builders Risk.

A 5.a

*This is a change. Previously, this coverage only applied if you purchased a specific limit, the automatic \$5,000 was not provided.*

**Building Materials and Supplies of Others**

In addition to your owned property which will become part of the building, you may extend coverage to property of others if it is in your care, custody, or control and at the location. This coverage extension is limited to \$5,000 unless you have purchased a higher limit.

A 5.b

*This is a change. Previously this was not subject to the dollar limits.*

**Sod, Trees, Shrubs, and Plants**

These forms of property are covered if damaged by fire, lightning, explosion, riot, civil commotion or aircraft. This coverage extension is limited to \$1,000 with a maximum of \$250 per tree, shrub, or plant.

A 5.c

*This is a change. Previously, this extension was not provided.*

**Property in Transit**

Coverage is provided for property intended to be permanently located in the building while such property is in transit. This coverage extension is limited to an amount stated on the Declarations.

A 5.d

*This is a change. Previously, this extension was not provided.*

**Property at Temporary Locations**

Coverage is provided for property intended to be permanently located in the building while such property is at a temporary location. This coverage extension is limited to an amount stated on the Declarations.



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2019

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