

**RISK**

MICHIGAN MUNICIPAL  
RISK MANAGEMENT  
AUTHORITY



# **COVERAGE DOCUMENTS**





**MICHIGAN MUNICIPAL RISK MANAGEMENT AUTHORITY**  
**COVERAGE DOCUMENTS**

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**LIABILITY AND MOTOR VEHICLE  
PHYSICAL DAMAGE**

**MICHIGAN MUNICIPAL RISK MANAGEMENT AUTHORITY  
LIABILITY AND MOTOR VEHICLE PHYSICAL DAMAGE  
COVERAGE DOCUMENT**

This Coverage Document pertains to the liability and vehicle physical damage coverage afforded to Members of the Michigan Municipal Risk Management Authority, (hereinafter MMRMA). This Coverage Document is authorized by the Joint Powers Agreement. It is subject to and limited by all of the terms and conditions contained in the Joint Powers Agreement, MMRMA rules, and MMRMA administrative procedures. Please read the entire Coverage Document carefully to determine your rights and duties and what coverage is and is not provided. If you have any question concerning coverage, please contact MMRMA.

Certain words, phrases and subjects of coverage have special meanings. They are defined when they first appear in the text or in the “definitions” section and should be read carefully.

When the term “MMRMA” is used throughout this document it means the Michigan Municipal Risk Management Authority. The terms “Member,” “you,” or “your” mean the Member of the Michigan Municipal Risk Management Authority.

UNLESS INDICATED ELSEWHERE IN THIS COVERAGE DOCUMENT, THE COVERAGE PROVIDED BY THIS COVERAGE DOCUMENT IS INDEPENDENT OF ANY OTHER COVERAGE OFFERED BY MMRMA AND IS NOT TO BE READ IN CONJUNCTION WITH ANY OTHER COVERAGE DOCUMENT. THEREFORE, LOSSES COVERED UNDER THIS DOCUMENT ARE EXCLUDED UNDER THE PROPERTY AND CRIME COVERAGE DOCUMENT, THE DATA BREACH AND PRIVACY LIABILITY COVERAGE DOCUMENT, AND THE SPECIALIZED EMERGENCY RESPONSE EXPENSE RECOVERY COVERAGE DOCUMENT. UNLESS INDICATED ELSEWHERE IN THIS COVERAGE DOCUMENT, THIS COVERAGE DOCUMENT CONTAINS DEFINITIONS, COVERING AGREEMENTS, CONDITIONS, AND EXCLUSIONS NOT CONTAINED, OR DIFFERENT THAN THOSE, IN THE OTHER MMRMA COVERAGE DOCUMENTS.

**SECTION 1**

**Subjects of Coverage  
and Limits of Coverage**

**MICHIGAN MUNICIPAL RISK MANAGEMENT AUTHORITY  
LIABILITY AND MOTOR VEHICLE PHYSICAL DAMAGE  
COVERAGE DOCUMENT**

**SECTION 1  
SUBJECTS OF COVERAGE AND LIMITS OF COVERAGE**

- A. MMRMA will pay on behalf of the Member all monies the Member becomes legally obligated to pay as **damages** to another person because of an **occurrence** first taking place or commencing during the period of membership in MMRMA for subjects of coverage 1-6 below. MMRMA has the right and the duty to defend any **lawsuit** seeking money **damages**. MMRMA may, at its discretion, investigate any **occurrence** and settle any claim or **lawsuit** that may result from the subjects of coverage.
1. **Bodily injury;**
  2. **Property damage;**
  3. **Personal injury;**
  4. Medical malpractice for nurses; public and mental health operations and facilities; and paramedics, emergency medical service technicians, police or fire personnel only for immediate medical assistance or treatment in an emergency situation, or while participating in scheduled training as required to perform within the scope of their official duties.
  5. **Motor vehicle** liability, including personal and property protection and residual liability under MCL 500.3101 et. seq., as amended;
  6. **Wrongful act.**
- B. The coverage afforded by each of the items in 1 through 6 above stands alone and does not apply to any other items listed in 1 through 6 above; however, the subjects of coverage shall not increase the limits of liability which apply on an **occurrence** basis and are not cumulative from year to year.
- C. MMRMA will pay for the cost of defense only for matters before the Judicial Tenure Commission first initiated during the period of membership in MMRMA. However, the judge or magistrate is responsible for retaining defense counsel. Such defense costs may not exceed, per **occurrence**, the limits of coverage for Judicial Tenure stated in the Coverage Overview.

D. MMRMA will pay compensatory **damages** to which an **employee** of a Member municipal corporation is legally entitled to recover from the owner or operator of an uninsured or underinsured **motor vehicle** because of **bodily injury** only. This coverage also applies when the owner or operator of the **motor vehicle** is unknown. This coverage applies only when the **employee** is an authorized driver or passenger in a licensed **motor vehicle** owned or leased by the Member municipal corporation. Uninsured **motor vehicle** means

1. a **motor vehicle** that had no **bodily injury** bond, auto insurance policy, or auto liability coverage in effect at the time of the **occurrence** or
2. a hit-and-run motor vehicle which, by physical contact with the covered employee or with a vehicle occupied by that covered employee, causes bodily injury to a covered employee. The identity of the operator and the owner of the vehicle must be unknown. As a condition to coverage, the accident must be reported within 24 hours to a police officer, sheriff, police department, or sheriff's department, and a police/sheriff's report must be prepared regarding that reporting. As a condition to coverage, MMRMA must be notified in writing by the employee of the **occurrence** within 30 days of the accident. MMRMA must be given the right to inspect the **motor vehicle** in which the employee was a driver or passenger at the time of the accident before any alteration or repair of that vehicle.

Underinsured **motor vehicle** means a **motor vehicle** that had, at the time of the **occurrence**, a **bodily injury** bond, or auto insurance policy or auto liability coverage with limits less than the limits provided herein.

The most MMRMA will pay for uninsured or underinsured motorist coverage is the difference between the bond, auto insurance policy, or auto liability coverage limits and \$100,000 per person and \$250,000 per **occurrence**.

If benefits from more than one auto insurance policy or auto liability coverage apply to an accident, MMRMA's coverage shall not apply if other auto insurance or auto liability coverage provides a limit of at least \$100,000 per person and \$250,000 per **occurrence**. If the other auto insurance or auto liability coverage is less than \$100,000, then MMRMA shall be excess for the amount above that auto insurance or auto liability coverage up to a maximum total of \$100,000 per person and \$250,000 per **occurrence**. If it is determined that MMRMA provides pro rata coverage, then the proration shall be dollar for dollar up to a maximum total of \$100,000 per person and \$250,000 per **occurrence**. This applies no matter how many motor vehicles or insurance policies/coverages may be involved whether written by MMRMA or another insurer/coverage provider. No Member deductible or self-insured retention applies to this coverage.

E. No Member deductibles or Member self-insured retentions shall apply to personal protection insurance benefits as set forth in MCL 500.3107, as amended, to property protection benefits as set forth in MCL 500.3121, as amended, or to **damages to motor vehicles** as set forth in MCL 500.3135 (2)(d), as amended. Any benefits for funeral and burial expenses shall be limited to the statutory minimum, presently set at \$1,750.00. As to any person making any claim with MMRMA for uninsured, underinsured, or benefits under the Michigan No-Fault Law, MCL 500.3101, et.seq., that person shall:

1. Submit to an examination under oath, provide a statement under oath, or do both as often as MMRMA may reasonably require. The examinee must answer questions under oath asked by anyone named by MMRMA and sign copies of the answers.

2. Shall be examined by physicians, doctors, or healthcare professionals chosen and paid by MMRMA as often as MMRMA may reasonably require. A copy of any report will be sent to the person upon written request.
- F. MMRMA will pay the actual expenses, up to \$2,000 per **occurrence**, for emergency first aid given to persons for **medical expense** to which the Coverage Document applies. No Member deductibles or self-insured retention applies to emergency first aid.
- G. MMRMA will pay, up to \$25,000 per **occurrence**, for **medical expenses** only to a **volunteer**. No member deductible or self-insured retention shall apply to this coverage. **Volunteer** means an individual who is acting within the scope of official duties or operations on behalf of the Member and is receiving no cash compensation. It does not include any other person. **Volunteer** does not mean:
1. any individual detained or serving a sentence of incarceration or probation with a state or local correctional facility of any type; or
  2. any individual carrying out court-ordered or mandatory community service.
- H. MMRMA will pay, on behalf of the Member, all monies the Member becomes legally obligated to pay as **damages** to another person because of an **occurrence**, first taking place or commencing during the period of Membership in MMRMA, for **bodily injury** or **property damage**, arising out of the rupture, bursting, overtopping, accidental discharge, or structural failure of any dam, levee, dike, or water storage structure that the Member owns, operates, uses, or maintains, subject to a limit of \$1,000,000 per **occurrence**.
- I. Payments are limited as follows:
1. to the limits of coverage stated in the Coverage Overview which limits shall be the maximum payable per **occurrence** under any circumstances or set of facts and shall include **damages** and **allocated loss adjustment expense**. The most MMRMA will pay is the difference between the Member's self insured retention and the limits of coverage stated in the Coverage Overview. The limits of coverage shall apply on an **occurrence** basis regardless of the period of time of the **occurrence** and are not cumulative from year to year;
  2. the personal protection benefits offered under MCL 500.3101 et. seq., as amended, will not be paid to the extent that benefits are also payable to an eligible injured person or beneficiary under any insurance, service, protection, benefit, or reimbursement plan with the same or similar benefits, including, but not limited to healthcare insurance or coverage, salary continuation, short-term or long-term disability benefits, wage loss insurance or coverage, worker's compensation benefits, or social security benefits. The Member and/or any person seeking personal protection benefits from MMRMA specifically authorizes coordination of such other benefits and understands that MMRMA's payment of personal protection benefits shall be excess of any of the above insurance, coverage, plan or benefits;
  3. except as explicitly provided otherwise, all of the foregoing is further limited to the extent that monies are available for payment of a Member's self-insured obligations from its account with MMRMA or MMRMA General Fund or Stop Loss



Program or MMRMA reinsurance or excess insurance coverages. If any or all of such resources are depleted, each Member is responsible for all its own unpaid obligations including but not limited to all **damages** and **allocated loss adjustment expense**. MMRMA shall have no responsibility for the proper funding of obligations pertaining to a Member's self-insured retention or deductibles.

**SECTION 2**

**Exclusions**

## SECTION 2 EXCLUSIONS

Coverage is not provided for any demand, notice, claim or **lawsuit** alleging **bodily injury**, property injury, **personal injury** or other subjects of coverage as set forth in Section 1 resulting directly, indirectly or consequentially from, in, or due to any of the following:

- A. the actual, alleged or threatened discharge, dispersal, release, seepage, migration or escape of **pollutants** however or whenever caused including:
1. at or from any premises, site or location which is or was at any time owned, leased, used, controlled, loaned to, or rented by or on behalf of the Member;
  2. at or from any premises, site or location which is or was at any time used by or for a Member or others for the handling, storage, disposal, processing, or treatment of waste;
  3. which are or were at any time transported, handled, stored, treated disposed of or processed as waste by or for a Member or for any person or organization for whom a Member may be legally responsible;
  4. at or from any premises, site or location on which a Member or any contractors or subcontractors working directly or indirectly on a Member's behalf are or had been performing operations
    - a. if the **pollutants** are brought on or to the premises, site or location in connection with such operations; or
    - b. if the operations are or have been to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of **pollutants**.
  5. Any cost, loss, **damages**, claim for **damages** or any **lawsuit** arising out of any directive, demand, or request, whether governmental, judicial or otherwise that the Member or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effects of **pollutants**.
- Damages** resulting solely from heat, smoke, or fumes from a hostile fire are not excluded. A hostile fire is a fire that becomes uncontrollable or breaks out from where it was intended to be;
- B. **Motor vehicles** used in the business of transporting liquefied petroleum gas including butane or propane; gas companies or gas utility works; mining operations; hydroelectric dams; failure to supply adequate electricity, gas, water, or other utility services;
- C. Ownership, maintenance, loading or unloading, use or operation of any aircraft, including **unmanned aircraft**, airfields, or runways; watercraft over 75 feet in length;
- D. Railroads, unless operation is within the confines of public parks. This exclusion does not apply if liability is assumed under a **covered contract**;
- E. Any obligation for which the Member may be held liable under any workers' disability compensation, unemployment compensation or disability benefits law or any similar law;

F. **Bodily injury** to an **employee** or **volunteer** arising out of and in the course of employment or voluntary work for the Member or the spouse, child parent, brother, sister or other dependent or heir of that person as a consequence of such **bodily injury**. This exclusion applies whether the Member may be liable as an employer or in any other capacity and to any obligation to share **damages** with or repay someone else who must pay **damages** because of the injury. This exclusion does not apply if liability is assumed under a **covered contract** or if coverage is provided in Section 1, G. in the Subjects of Coverage and Limits of Coverage of the Liability and Motor vehicle Physical Damage Coverage Document.

G. Any criminal act, as to the person or entity proven, admitted, or non-contested, in either a criminal, civil or administrative proceeding, to have committed such act. The act of one or more persons committing a criminal act, will not in the application of this exclusion, be imputed to any other person or entity not having knowingly and with intent committed, permitted or authorized the criminal act.

This exclusion shall apply whether or not anyone:

1. is charged with a crime;
2. is convicted of a crime whether by a court or jury or plea of nolo contendere; or
3. enters a plea of guilty whether or not accepted by the court.

However, the existence of a criminal prosecution which resulted in a conviction, plea of nolo contendere, or a guilty plea shall be conclusive proof that an excluded criminal act has occurred.

This exclusion shall specifically include, but not be limited to, any criminal sexual conduct defined in Michigan law committed by any person. This exclusion does not apply to acts which would only constitute civil infraction defined in Michigan law.

H. **Damages** which the Member is obligated to pay by reason of:

1. breach of contract;
2. performance, promise, or guaranty obligations incurred or assumed in a contract or agreement; or
3. an assumption of liability in a contract or agreement.

This exclusion applies to both express and implied contracts or agreements. **Damages** based upon quasi-contractual theories, including but not limited to unjust enrichment and quantum meruit recovery, are also excluded.

This exclusion does not apply to liability:

- a. assumed in a **covered contract**, or
- b. that the Member would have in the absence of the contract or agreement, whether express or implied.

- I. Any arbitration award, any fee, fine, sanction, contempt cost, penalty, tax, or similar expense imposed by any court or governmental agency or for relief in any form other than money **damages**. This exclusion does not apply to cost of counsel to represent the Member in matters involving the Michigan Civil Rights Commission, Michigan Department of Civil Rights or Equal Employment Opportunity Commission;
- J. The rendering or failure to render professional services by any dentist or physician except for a coroner or medical examiner or their deputies by those titles.
- K. The loss of principal or investment earnings of any public funds or any fiduciary responsibility relating to public funds or to any **employee benefits program**;
- L. Failure by a Member to fund adequately any program or public service including but not limited to **employee benefits programs**;
- M. Compensation, in any form, including, but not limited to, benefits from any **employee benefits program** to any past or present **employee** or official of the Member. This exclusion does not apply to liability arising out of any **wrongful act** in the administration of a Member **employee benefits program** by the Member, or of any person whose act the Member is legally liable for, in the administration of a Member **employee benefits program**, subject to a limit of \$1,000,000 per occurrence. Administration means handling of records in connection with the enrollment, termination, or cancellation of employees in an **employee benefits program**. Administration does not include determinations as to eligibility to participate in a Member's **employee benefits program**, or determinations as to the classification of an individual as an employee or an independent contractor.
- N. Failure or inability to maintain or secure adequate or collectible insurance or similar coverage or protection;
- O. Any proceedings before or any penalty imposed by any administrative or regulatory agency created by federal, state or local law.

This exclusion does not apply to:

- 1. Cost of counsel to represent the Member in matters involving the Michigan Civil Rights Commission, Michigan Department of Civil Rights or Equal Employment Opportunity Commission; or
  - 2. Judicial Tenure Commission proceedings, if the Member elected this coverage and limits are stated in the Coverage Overview.
- P. The recall, replacement, repair, adjustment or removal of a Member's damaged or allegedly damaged product or products or parts thereof.
  - Q. Damage to or loss of property or motor vehicle that is owned, rented, leased, or used by or in the care, custody, or control of the Member. This exclusion does not apply to:
    - 1. Motor vehicles if the Member has elected Motor Vehicle Physical Damage coverage as detailed in this Coverage Document and limits are stated in the Coverage Overview.
  - R. Nuclear reaction or radiation or radioactive contamination or electromagnetic radiation, however or whenever caused;
  - S. Hostile or warlike action, or civil disturbance, in time of peace or war including action in hindering, combating or defending against actual, impending or expected attack by:

1. military, naval or air forces;
  2. any government or sovereign power (de jure or de facto) or by an authority maintaining or using military, naval, air forces or any agent of any such government, power, authority or forces;
  3. any discharge, explosion or use of any weapon of war employing atomic, fission, fusion or radioactive force will be conclusively presumed to be such a hostile or warlike action by such government, power, authority or forces;
  4. insurrection, rebellion, revolution, civil war, usurped power, riot, civil commotion or action taken by a governmental authority in hindering, combating or defending against such **occurrence**.
- T. The actual, alleged, or threatened:
1. discharge, dispersal, release, seepage, migration, or escape of water, groundwater, rainwater, **sewage**, solids, liquids, or waste:
    - a. at or from any real or personal property the Member owns, rents, or occupies;
    - b. at or from any site or location used by or for the member, or others, for transporting, handling, storage, disposal, processing, or treatment;
    - c. which at any time are transported, handled, stored, treated, disposed of, or processed by or from the Member or any person or organization for whom the Member may be legally responsible;
    - d. from sewers, drains, or sumps into, on, or upon any person or property of any other party including, by way of illustration but not limitation, structures, buildings, residences, and basements.
  2. presence, collection, pooling, flowing, movement, or stagnation of water, groundwater, rainwater, **sewage**, solids, liquids, or waste from any source whatsoever, as a result of, or arising out of, any partial or complete blockage, impediment, obstruction, defect, or backup from or in any sewers, drains, or sumps into, on, or upon any person or property of any Member or other party including, by way of illustration but not limitation, structures, buildings, surfaces, residences, and basements.

This Exclusion does not apply to coverage provided by Section 1, Subjects of Coverage and Limits of Coverage, H.

- U. TERRORISM, except as provided in Section 5 of this Coverage Document
- V. Any claim or suit alleging profit or monetary advantage to which the Member is not legally entitled or requiring return by the Member of remuneration paid, if such payment shall be in violation of law.
- W. Medical expense for any person in the custody of law enforcement, including but not limited to, jail, detention or other holding facility for which the Member has a statutory obligation or other requirement to pay.

X. Communicable Disease: This Exclusion shall apply to any loss, damage, liability, compensation, injury, sickness, disease, death, medical payment, defense cost, cost, expense or any other amount incurred by or accruing, directly or indirectly, originating from, caused by, contributed to by, resulting from, arising out of, or in connection, or any nature whatsoever caused by, arising out of, related to, or resulting from, directly or indirectly, in whole or in part:

1. Any Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease regardless of any other cause or event contributing concurrently or in any sequence thereto. As used herein, a Communicable Disease includes, but is not limited to, a virus, bacterium, pathogen, fungus, parasite or other microorganism or any variation thereof, whether deemed living or not that induces or is capable of inducing physical distress, illness, disease, or can cause or threaten damage to human health or human welfare.
2. Any action or inaction by a **Member** or any action by or order of a governmental representative, authority or agency undertaken to control, prevent, suppress, mitigate, test for, monitor, treat or remediate the actual, suspected, or anticipated presence, existence or transmission of any Communicable Disease; that actually or allegedly induces or is capable of inducing physical distress, illness, or disease.
3. Any action or inaction by a **Member** or any action by or order of a governmental representative, authority or agency undertaken in response to any pandemic or epidemic, as determined by the World Health Organization, U.S. Department of Health and Human Services and/or Centers for Disease Control and Prevention, including but not limited to COVID-19.
4. This Exclusion applies whether or not claims against a **Member** allege negligence or other wrongdoing in the:
  - a. supervising, hiring, employing, training and/ or monitoring of others that may be infected with and spread a Communicable Disease, and/or
  - b. failure to report disease to authorities.

This Exclusion shall not apply to **bodily injury, property damage, or personal injury** arising from municipal health care services provided by a Member for: 1) the administration of an approved United States Food and Drug Administration vaccine and / or immunization; or 2) municipal health care services provided by a Member to test for Communicable Disease. For purposes of this exception, municipal health care services includes **wrongful acts** or medical malpractice of a nurse; public or mental health operation or facility; paramedic; emergency medical service technician; law enforcement; or fire personnel.

Y. Any coverage provided by the Michigan Municipal Risk Management Authority Data Breach and Privacy Liability Coverage Document, which is incorporated for this Exclusion only.

**SECTION 3**

**Motor Vehicle Physical Damage**



**SECTION 3**  
**MOTOR VEHICLE PHYSICAL DAMAGE**

- A. MMRMA will pay, subject to the deductible, Member retention and limits of coverage for Vehicle Physical Damage stated in the Coverage Overview for damage or loss of the Member's **motor vehicles**, as defined in this Coverage Document, or those for which the Member is legally responsible, provided that the damage or loss first occurs during the period of membership in MMRMA, subject to the following:
1. The Member must have selected vehicle physical damage coverage and the Coverage Overview must so indicate.
  2. The maximum amount MMRMA will pay is the **actual cash value** of the vehicle immediately prior to the damage or loss. Such payments are limited, per **occurrence**, to the limits of coverage for Motor Vehicle Physical Damage contained in the Coverage Overview.
  3. The most MMRMA will pay is the difference between the Member's self insured retention and the limits of coverage for Vehicle Physical Damage stated in the Coverage Overview.
  4. Motor vehicles are listed with MMRMA at the time each year's Coverage Overview is issued, or to vehicles acquired during a term of Coverage if MMRMA is notified, in writing, within 90 days of the acquisition of the vehicle.
- B. MMRMA will not pay:
1. Any loss or damage to a **motor vehicle** which is due to inadequate or improper maintenance, wear and tear, freezing, mechanical or electrical breakdown or failure.  
  
This does not apply to any ensuing loss or ensuing damage caused by a named cause of loss.
  2. Any loss or damage to an employee motor vehicle, including employee vehicles that are used by or in the care, custody, or control of the Member.

## **SECTION 4**

### **Definitions**

## SECTION 4 DEFINITIONS

A. The following meanings shall apply to all coverages in this Coverage Document.

1. **ACTUAL CASH VALUE**  
means cost of replacing damaged or destroyed covered property with comparable new property minus depreciation and obsolescence.
2. **ALLOCATED LOSS ADJUSTMENT EXPENSES**  
means all costs to adjust, defend, or settle a specific claim or **lawsuit**, including, by way of illustration but not limitation, attorney fees and related costs, expert witness fees, and any other expense related to the claim or **lawsuit**.
3. **BODILY INJURY**  
means **bodily injury**, harm, sickness, or disease sustained by a natural person, including death resulting therefrom.
4. **COVERED CONTRACT**  
means any agreement or contract, permissible by law, under which the Member assumes the tort liability only of another to pay **damages** to a third party.

The contract or agreement must precede the **occurrence** and is subject to all of the terms and conditions of this Coverage Document, the Joint Powers Agreement, MMRMA rules and MMRMA administrative procedures.

A **covered contract** shall not:

- a) indemnify any consultant, advisor, or other individual or entity providing professional services, including but not limited to, services of any architect, attorney, engineer, surveyor or other consultant or advisor;
- b) indemnify any independent contractor or employee of any independent contractor;
- c) indemnify any person for damage by fire to premises leased, rented, or loaned to the Member; or
- d) guarantee promise or performance.

The limits of coverage for a **covered contract** shall be the lesser of the coverage limits stated in the Member's Coverage Overview or the minimum amount of coverage required, permitted, or stated in the **covered contract**.

5. **DAMAGES**  
means any or all of the following:
  - a. All money **damages** within the Subjects of Coverage stated in Section 1 the Member becomes legally obligated to pay for any claim or **lawsuit** covered and defended by MMRMA. **Damages** also includes all interest on any judgment resulting from a **lawsuit** covered and defended by MMRMA;

- b. premiums on appeal bonds required in any **lawsuit** defended by MMRMA and the cost of bail bonds required of the Member because of an accident or traffic law violation arising out of the use of any vehicle to which this coverage applies. MMRMA shall have no obligation to apply for or furnish bail bonds;

**Damages** does not include the cost to acquire any real or personal property the title or ownership of which is, at any time, held directly, indirectly, or beneficially by a Member.

6. **EMPLOYEE**

means any person, who performs official duties on behalf of the Member municipal corporation, is compensated directly by the Member, and is subject to the Member's direction and control. It also means all **volunteers**, elected officials, and Members of the governing body, and any person officially appointed by the Member to any boards or commissions, or statutorily required offices. It includes all present and former **employees**. It does not include any other person, independent contractor or **employees** of independent contractors.

7. **EMPLOYEE BENEFITS PROGRAM**

means salary, wages, workers' compensation, retirement, pension, deferred compensation, life insurance, hospital insurance, medical insurance, dental insurance, vision insurance, unemployment insurance, social security, disability insurance, sick leave, vacation leave, holiday leave or similar programs, plans or insurances made available to past or present **employees** or officials of the Member.

8. **LAWSUIT**

means a suit at law but not in equity.

9. **MEMBER**

means a municipal corporation, as defined in the Joint Powers Agreement, that has joined the Michigan Municipal Risk Management Authority. Member also includes:

- a. The following while acting within the scope of their official duties or operations on behalf of the Member:
  - (1) any former or present **employee**;
  - (2) courts, including any past or present judge, magistrate and court **employee**, if MMRMA has accepted the court, in writing, for coverage.
  - (3) except for housing authorities, all other authorities, boards, bureaus or commissions and their past or present Members and **employees** provided that these entities are sub-units of the Member. Authorities, boards, bureaus, or commissions that are separate legal entities and all housing authorities may be provided coverage if MMRMA has, in writing, extended coverage.
- b. Any authorized user or driver of a **motor vehicle** owned, rented, leased or used by the Member, other than a vehicle dealership, repair facility or other bailment facility.

10. **MOTOR VEHICLE**  
means a land **motor vehicle**, trailer or semi-trailer designed and eligible to be licensed for travel on public roads, including any attached machinery or apparatus. As it relates to **personal injury** protection offered under Michigan statutes, MCL 500.3101 et. seq., the term shall not be expanded beyond the statutory definition of a vehicle, including a trailer, operated or designed for operation upon a public highway by power other than muscular power which has more than two (2) wheels. The term includes equipment pertaining to the **motor vehicle** normally carried therein or thereon **Motor vehicles** does not include mobile equipment which are land vehicles not licensed or eligible to be licensed for use on public roads.
11. **OCCURRENCE**  
means an event, or a continuous or repeated exposure to substantially the same general conditions, first taking place or commencing within the period of Membership, which causes or is reasonably expected to cause, **damages**.
12. **PERSONAL INJURY**  
means **personal injury**, other than **bodily injury** as defined, means false arrest or detention, malicious prosecution, libel or slander, violation of privacy rights, violation of civil, statutory or constitutional rights, discrimination or harassment arising out of employment or law enforcement operations.
13. **POLLUTANTS**  
means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste, perfluoroalkyl or polyfluoroalkyl substances, and any unhealthy or hazardous building materials (including but not limited to asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned, or reclaimed. Pollutants also includes electromagnetic fields, lead, lead paint, radon, chlorofluorocarbons, organisms or microorganisms including bacteria, fungus, molds, or their spores or products, viruses, or other pathogens.
14. **PROPERTY DAMAGE**  
means physical injury to or destruction of tangible property, including resultant loss of use of that property, or loss of use of tangible property that is not physically injured or destroyed;
15. **WRONGFUL ACT**  
means an actual or alleged error, misstatement, act, omission, neglect or breach of official duty, including misfeasance, malfeasance and nonfeasance
16. **SEWAGE**  
means any human or animal bodily fluids or solids. **Sewage** also means any toxins or bacteria including, by way of illustration but not limitation, e coli. **Sewage** also means any microbes or viruses including, by way of illustration but not limitation, Hepatitis A or B, HIV, and other AIDS viruses. **Sewage** also means any pathogens, carcinogens, diseased or disease-carrying organism, spores, chemicals, fertilizers or any other elements of **sewage** including, by way of illustration but not limitation, combined **sewage** overflow, groundwater, rainwater, debris, sewer gases, vapors, odors, liquids, or solids. **Sewage** also means any **sewage** effluent of every kind, nature, and description, and/or any other gases, liquids, solids, or components of **sewage** which may be contained in solution, whether fully treated, partially treated, or untreated.

17. **MEDICAL EXPENSES**  
means all reasonable and necessary expenses for medical, hospital, chiropractic, x ray, professional, nursing, dental, surgical, ambulance, prosthetic and rehabilitation expense.
18. **VOLUNTEER**  
means any individual who performs hours of service on behalf of the Member without promise, expectation, or receipt of compensation provided:
- a. activity is less than full time; and
  - b. services are not offered as a result of coercion.
19. **UNMANNED AIRCRAFT**  
Means an aircraft that is not:
- a. designed,
  - b. manufactured, or
  - c. modified after manufacture
- to be controlled directly by a person from within or on the aircraft;
- and is not more than 55 pounds in total weight.

**SECTION 5**

**Limited Liability Coverage  
for Terrorism**

**SECTION 5**  
**LIMITED LIABILITY COVERAGE FOR TERRORISM**

A. LIMITED LIABILITY TERRORISM COVERAGE, PROCEDURES, EXCLUSIONS.

1. Limited Liability Coverage for Terrorism shall be a separate and distinct coverage from any other coverage provided to the Members by MMRMA.
2. The definitions in Section 4 of the Liability and Motor Vehicle Physical Damage Coverage Document shall apply to Limited Liability Coverage for Terrorism.
3. The Member Duties, Responsibilities, Other Conditions stated in Section 7 of the Liability and Motor Vehicle Physical Damage Coverage Document shall apply to Limited Liability Coverage for Terrorism.
4. The deductibles and retention for liability, if any, stated in the Coverage Overview shall apply to Limited Liability Coverage for Terrorism in the same manner as they apply to any other liability coverage.

B. DEFINITIONS

For the purposes of this Section, Terrorism shall mean an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

C. LIMITATIONS OF COVERAGE

1. MMRMA will pay for any loss as defined in Sections 1 and 2 of the Liability and Motor Vehicle Physical Damage Coverage Document, caused by terrorism, the actual loss up to a \$5,000,000 limit.
2. Terrorism payments are further limited by a \$5,000,000 terrorism aggregate loss limit. If covered losses by all Members exceed said aggregate loss limit, the most MMRMA will pay is the aggregate loss limit. The aggregate loss limit shall apply for all losses occurring in a July 1 - June 30 calendar year. Each Member will share in said aggregate loss limit in the same percentage that the Member's covered loss is of the total covered losses of all Members.
3. This coverage excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in any way connected with any of the following, regardless of any other cause or event contributing concurrently or in any sequence to the loss:
  - a. Any act of bio-terrorism; or



- b. Any act of nuclear terrorism; or
- c. Any act of chemical terrorism; or
- d. Any act designed to release germs that cause epidemical disease.

For the purpose of this Section, an act of bio-terrorism, nuclear terrorism, chemical terrorism and designed to release germs that cause epidemical disease shall mean an act, including but not limited to the use of force or violence and/or the threat thereof, involving or resulting in the release of biological or chemical agents or nuclear materials or germs, by an person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), apparently committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This Section also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (a), (b), (c) and/or (d) above.

**SECTION 6**

**Limited Sewer System  
Overflow Coverage**

**SECTION 6**  
**LIMITED SEWAGE DISPOSAL SYSTEM EVENT COVERAGE**  
**(OPTIONAL)**

A. DEFINITIONS

1. **Limited Sewage Disposal System Event** is a claim for **damages** or physical injuries, including property damage, caused by a Sewage Disposal System Event under MCL 691.1417, et seq.
2. **Sewage** means the term defined in Section 4 of the Liability and Motor Vehicle Coverage Document.

B. LIMITED SEWAGE DISPOSAL SYSTEM EVENT COVERAGE

MMRMA will pay on behalf of the Member all monies the Member becomes legally obligated to pay as **damages** to another person because of an **occurrence** first taking place or commencing during the period of Membership for Liability under MCL 691.1417, et seq. only. MMRMA may, at its discretion, investigate any **occurrence** and settle any claim or lawsuit that may result from liability under MCL 691.1417, et seq. only.

This Coverage is subject to the Liability and Motor Vehicle Physical Damage Coverage Document, where applicable. This coverage is also subject to a separate **occurrence** limit and annual aggregate limit as shown in the Limits of Coverage column in Table II of the Coverage Overview. If there is no limit of coverage specified, then there is no coverage under this section.

**SECTION 7**

**Member Duties, Responsibilities,  
Other Conditions**

**SECTION 7**  
**MEMBER DUTIES, RESPONSIBILITIES, OTHER CONDITIONS**

A. MEMBER'S DUTIES IN THE EVENT OF AN OCCURRENCE, CLAIM OR **LAWSUIT**

1. In the event of an **occurrence**, written notice giving the Member's name and other reasonably obtainable information such as the time, place, circumstances, names and addresses of the injured persons and available witnesses shall be provided by the Member to MMRMA as soon as practicable. The Member shall promptly take all reasonable steps to prevent additional damage or loss from arising out of the same or similar conditions. Failure to take such preventative measures shall not constitute a breach of this condition unless MMRMA has requested the Member, in writing, to undertake such preventative measures. Expenses of preventative measures are not recoverable from MMRMA.
2. The Member shall immediately forward to MMRMA every claim, demand, notice, summons and complaint or other process received. Any claim or **lawsuit** that is not immediately submitted to MMRMA for handling shall be denied coverage.
3. The Member shall cooperate, within MMRMA guidelines, with MMRMA, its staff, attorneys, claims adjusters and consultants in the investigation, defense, and settlement of any claim or **lawsuit** and in enforcing any right of recovery, contribution, or indemnity against any person who may be liable or answerable to the Member because of **damages** for which coverage is afforded. The Member shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The Member shall not, except at the Member's own cost, voluntarily make any payment, assume any obligation, or incur any expense other than for emergency first aid to persons at the time of an **occurrence**.

B. CLAIM/**LAWSUIT**, SETTLEMENT

MMRMA has the right and the duty to defend any **lawsuit** seeking money **damages**. MMRMA may, at its discretion, investigate any **occurrence** and settle any claim or **lawsuit** that may result from any subject of coverage. The settlement authority extends to any Subject of Coverage stated in Section 1 of this Coverage Document without regard to the value or the dollar amount of the settlement. The Member shall comply fully with all terms and conditions contained in the Joint Powers Agreement, MMRMA rules, MMRMA administrative procedures, and this Coverage Document.

C. DISPUTES, VENUE

Any dispute shall be resolved by the process detailed in the Joint Powers Agreement and MMRMA rules.

The Member stipulates that the County in which the office of MMRMA's Executive Director is located is the only proper County in which to commence and prosecute a **lawsuit** or suit at equity involving MMRMA and the Member.

D. INSURANCE OR OTHER SIMILAR PROTECTION

If the Member has or had insurance or other similar protection against a loss covered by MMRMA, MMRMA's coverage shall be excess thereof only and not primary or contributing therewith.

E. RECOVERY

In the event of any payment under this Coverage Document, the Member authorizes MMRMA to make claim or sue on the Member's behalf for rights of recovery against any person or organization.

F. REIMBURSEMENT AND TRUST AGREEMENT

Subject to any applicable limitations in relevant Michigan law, in the event of any payment of benefits to any person under this Coverage Document, if such person is legally entitled to recover such benefits:

1. MMRMA shall be entitled to the extent of such payment to the proceeds of any settlement or judgment that may result from the exercise of any right of recovery by such person against any person or organization legally responsible for the benefits because of which such payment is made and MMRMA shall have a lien to the extent of such payment, notice of which may be given to such legally responsible person or organization, his agent, his insurer or court having jurisdiction in the matter;
2. such person shall hold in trust for the benefit of MMRMA all rights of recovery which he shall have against such other person or organization;
3. such person shall do whatever is proper to secure, and shall do nothing after loss to prejudice such rights;
4. such person shall execute and deliver to MMRMA such instruments and papers as may be appropriate to secure the rights and obligations of such person in favor of MMRMA as established by this provision.

G. INSPECTIONS AND SURVEYS

MMRMA has the right but is not obligated to:

1. make inspections and surveys at any time;
2. give you reports on the conditions MMRMA finds; and
3. recommend changes.

Any inspections, surveys, reports or recommendations relate only to acceptance by MMRMA for coverage and the contributions to be charged. MMRMA does not make safety inspections. MMRMA does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. MMRMA does not warrant that any conditions:

1. are safe or healthful; or
2. comply with laws, regulations, codes or standards.

This condition applies not only to MMRMA, but also to any organization engaged by MMRMA to make inspections, surveys, reports or recommendations.

H. TRANSFER OF RIGHTS AND DUTIES

Member's rights and duties under this Coverage Document may not be transferred without MMRMA's written consent. Members and any persons or entities claiming benefits under this Coverage Document may not assign any interest in those benefits without MMRMA's written consent. The requirement of consent to assign any interest also specifically applies, but is not limited, to the proposed assignment of any benefits required to be paid pursuant to the Michigan No-Fault Insurance statute, MCL 500.3101, et seq.

I. CONCEALMENT OR MISREPRESENTATION

This Coverage Document is void if the Member at any time intentionally conceals or misrepresents any material fact or circumstance relating to this Coverage Document or any claims made under this Coverage Document.

J. CONFORMANCE

Any terms of this Coverage Document which may be in conflict with the applicable statutes of the State of Michigan are amended to conform to such statutes.

K. MUNICIPAL CORPORATION TO ACT FOR ALL COVERED PERSONS

The Member municipal corporation agrees to act on behalf of each covered person with respect to the giving and receiving of notice of claim or cancellation, the payment of contributions, the acceptance or rejection of any settlement offer and adherence to all MMRMA rules and administrative procedures. Each covered person agrees that the Member municipal corporation shall be authorized to act on their behalf.

L. TITLES OF PARAGRAPHS

The titles of the various paragraphs of this Coverage Document and amendments, if any, attached to this Coverage Document are inserted solely for convenience or reference and are not to be deemed in any way to limit or affect the provisions to which they relate.

M. LIBERALIZATION

If MMRMA adopts any changes while this Coverage Document is in force or within 45 days prior to its effective date which could broaden or extend this Coverage Document without an additional contribution charge, the Member will automatically receive the benefit of the broadened coverage.

N. TERMS AND AMENDMENTS

The terms of this Coverage Document cannot be waived or changed except by written Amendment, signed and dated by an Authorized Representative of MMRMA, showing the effective date of such waiver or change.

O. MOTOR VEHICLE REPORTING

The Member municipal corporation agrees to notify MMRMA, in writing, of all additions and deletions of Motor Vehicles within 90 days of acquisition or disposition of Motor Vehicle from Coverage.

**END OF LIABILITY AND MOTOR VEHICLE PHYSICAL DAMAGE COVERAGE DOCUMENT**





**MICHIGAN MUNICIPAL RISK MANAGEMENT AUTHORITY  
PROPERTY AND CRIME DOCUMENT**

This Coverage Document pertains to the property and crime coverage afforded to Members of the Michigan Municipal Risk Management Authority, (hereinafter MMRMA). This Coverage Document is authorized by the Joint Powers Agreement. It is subject to and limited by all of the terms and conditions contained in the Joint Powers Agreement, MMRMA rules, and MMRMA administrative procedures. Please read the entire Coverage Document carefully to determine your rights and duties and what coverage is and is not provided. If you have any question concerning coverage, please contact MMRMA.

Certain words, phrases and subjects of coverage have special meanings. They are defined when they first appear in the text or in the “definitions” section and should be read carefully.

When the terms “MMRMA”, “we” or “us” are used in this document they mean the Michigan Municipal Risk Management Authority. The terms “Member”, “you” or “your” mean the Member of the Michigan Municipal Risk Management Authority.

UNLESS INDICATED ELSEWHERE IN THIS COVERAGE DOCUMENT, THE COVERAGE PROVIDED BY THIS COVERAGE DOCUMENT IS INDEPENDENT OF ANY OTHER COVERAGE OFFERED BY MMRMA AND IS NOT TO BE READ IN CONJUNCTION WITH ANY OTHER COVERAGE DOCUMENT. THEREFORE, LOSSES COVERED UNDER THIS DOCUMENT ARE EXCLUDED UNDER THE LIABILITY AND MOTOR VEHICLE PHYSICAL DAMAGE COVERAGE DOCUMENT, THE DATA BREACH AND PRIVACY LIABILITY COVERAGE DOCUMENT, AND THE SPECIALIZED EMERGENCY RESPONSE EXPENSE RECOVERY COVERAGE DOCUMENT. UNLESS INDICATED ELSEWHERE IN THIS COVERAGE DOCUMENT, THIS COVERAGE DOCUMENT CONTAINS DEFINITIONS, COVERING AGREEMENTS, CONDITIONS, AND EXCLUSIONS NOT CONTAINED, OR DIFFERENT THAN THOSE, IN THE OTHER MMRMA COVERAGE DOCUMENTS.

**SECTION 1**

**Covered Causes of Loss  
and Limits of Coverage**

**MICHIGAN MUNICIPAL RISK MANAGEMENT AUTHORITY  
PROPERTY AND CRIME COVERAGE DOCUMENT**

**SECTION 1  
COVERED CAUSES OF LOSS AND LIMITS OF COVERAGE**

A. COVERED CAUSES OF LOSS

1. MMRMA will pay, on a per **occurrence** basis, for damages resulting from a covered cause of loss to covered property subject to all limitations or exclusions in this Coverage Document. Covered cause of loss means direct physical loss or damage from any cause, except those excluded in this Coverage Document. Covered property means property offered coverage by this Coverage Document.
2. MMRMA will pay only for loss the Member actually incurs for each covered property only when a Limit of Coverage is stated in the Coverage Overview. Unless otherwise stated herein, the loss must result from direct physical loss or damage by a covered cause of loss within the period of MMRMA membership as stated in the Coverage Overview.

B. LIMITS OF COVERAGE

Under any circumstances or set of facts, the most MMRMA will pay for loss or damage to any one or any combination of covered property in any one **occurrence** is the actual amount of loss, not to exceed the Limits of Coverage stated in the Coverage Overview. If there is no Limits of Coverage stated in the Coverage Overview, there is no coverage.

**SECTION 2**

**Covered Property:  
Member Buildings and  
Personal Property**

**SECTION 2  
COVERED PROPERTY:  
MEMBER BUILDINGS AND PERSONAL PROPERTY**

A. MEMBER'S BUILDING

Member building means an existing structure roofed and walled on file with MMRMA and includes the following if attached to the building or within 1,000 feet of the building:

1. Incomplete additions and all component parts;
2. Permanently installed fixtures, machinery and equipment; and
3. Indoor and outdoor equipment, signs, fixtures and personal property used to maintain or service the building.
4. Building does not mean:
  - a. Paved surfaces;
  - b. Retaining walls, except when those walls form a part or extension of the building;
  - c. Land, water, landfills;
  - d. Outdoor trees, shrubs, plants, lawns or golf course greens;
  - e. Foundations or supports below the surface of the lowest floor or basement;
  - f. Underground pipes, flues, drains and appurtenances thereto;
  - g. Electrical poles, power lines, transformers; or
  - h. Building or renovation under construction.
5. Buildings shall be valued on a **replacement cost** basis as defined in this Coverage Document. If a Member does not repair or replace a lost or damaged building eligible for **replacement cost**, the most MMRMA will pay is the **actual cash value** of the building. However, if within 12 months of the date of loss, the Member reverses its position and decides to replace or repair the building, MMRMA will pay the difference between the **actual cash value** and the actual **replacement cost**.
6. A Member's building that is not on file with MMRMA has no coverage.
7. The most MMRMA will pay for a Member's building that has an **agreed amount** on file with MMRMA is the **agreed amount**.
8. The most MMRMA will pay for the loss or damage in any one **occurrence** is the limits of coverage for Member Buildings and Personal Property including Personal Property of Others as stated in the Coverage Overview.

B. MEMBER BUILDING UNDER CONSTRUCTION OR RENOVATIONS UNDER CONSTRUCTION

1. MMRMA will pay for loss or damage the Member actually incurs for each covered property described below. The loss or damage must occur at the premises under construction or renovation and result from a covered cause of loss. The Member must notify MMRMA of the construction or renovation within 60 calendar days after the start of such renovation or construction for this coverage to apply.
2. The most MMRMA will pay for loss or damage in any one **occurrence** for coverages in Section 2, B(1); B(2); B(3); is the limits of coverage for Member Buildings and Personal Property including Personal Property of Others as stated in the Coverage Overview.

a. Building Under Construction

Member building under construction means a structure designed to be roofed and walled in the course of construction and includes the following, if attached to the building, intended to become a part of the building or within 1,000 feet of the building under construction:

- (1) Permanently installed fixtures, machinery, and equipment;
- (2) Foundations;
- (3) Indoor and outdoor equipment, signs, machinery, fixtures and personal property intended to be contained within or used to maintain or service the structure;
- (4) The Member's building materials and supplies, or those in the Member's care, custody or control:
  - (a) at a job-site awaiting and during installation and
- (5) If not covered by other insurance, temporary structures built or assembled on site, including cribbing, scaffolding and construction forms.

Building under construction does not mean land, landfill, water, outdoor trees, shrubs, plants or lawns.

Building under construction shall be valued on a **replacement cost** basis as defined in this Coverage Document.

b. Renovations Under Construction

Renovations under construction means improvements, alterations or repairs to an existing building of the Member's as defined in Section 2 including the following property located in or on the building, within 1,000 feet of the building, or while in transit to the building, and intended to become a permanent part of an existing building on file with MMRMA:

- (1) the Member's fixtures, machinery and equipment used to service the building;

- (2) the Member's building materials and supplies, or those in the Member's care, custody or control, used for construction; and
- (3) the Member's personal property or that of others in the Member's care, custody or control, intended to be contained within the renovations under construction; and
- (4) Temporary structures built or assembled on site including cribbing, scaffolding and construction forms, if not covered by other insurance.

Renovations under construction does not mean buildings existing prior to construction of the improvements, alterations, or repairs.

Renovations under construction shall be valued on a **replacement cost** basis as defined in this Coverage Document.

3. Other Subjects of Coverage only for Member Buildings Under Construction or Renovations Under Construction:

Soft costs and rents mean the extra costs and loss of rental income the Member incurs as a result of a delay in the completion of the building or renovations under construction when that delay is caused by a covered cause of loss. MMRMA will pay for soft costs and loss of rental income from the date the construction would have been completed had no loss occurred prior to the completion of the construction until the construction is completed up to a maximum of 12 months. The Member must make every effort to complete the construction on schedule or as soon as possible.

- a. Soft costs mean costs over and above the costs the Member would have incurred during the construction if the covered cause of loss had not occurred.

Soft costs shall include only the following:

- (1) extra construction costs the Member incurs to continue construction and meet contract dates;
- (2) construction loan interest accruing during the period of delay only on **money** borrowed to finance construction;
- (3) realty taxes and other assessments on the construction site accruing only during the period of delay;
- (4) architect, engineering, consultant, legal and accounting fees;
- (5) insurance premiums;
- (6) advertising and promotional expenses which become necessary as a result of the covered cause of loss; and
- (7) costs and commissions resulting from renegotiating leases which directly result from the covered cause of loss.

- b. Rental income means the actual loss of net rental income to the Member incurred minus all charges and expenses which are not necessary to

continue during the period of delay caused by a covered cause of loss.

- c. MMRMA will also pay for soft costs and loss of net rental income when a civil authority prohibits access to the building under construction or renovation. This action must be a result of a direct physical loss or damage by a covered cause of loss to property away from the building renovation or under construction. MMRMA's coverage is limited to 30 days from the time the civil authority takes action.
- d. MMRMA will not pay for any loss or increase in loss resulting from:
  - (1) interference by strikers or other persons affecting the:
    - (a) transportation of property to be used in the construction or renovation project;
    - (b) construction of the project premises;
    - (c) rebuilding, repairing, or replacing the covered property; or
    - (d) occupancy and use of the premises;
  - (2) suspension, lapse, or cancellation of any license, permit, lease, contract, or order;
  - (3) additional time required to repair or replace the property as a result of adverse weather conditions, reduction in work force due to economic conditions, or from improvements necessary to correct deficiencies in the original construction; or
  - (4) any consequential losses; or
  - (5) loss covered through other insurance or similar protection. MMRMA coverage shall be in excess thereof only.

#### 4. Cessation of Coverage

Coverage ceases when any one of the following first occurs:

- a. The Member's interest in the building under construction ceases;
- b. The building under construction or renovation under construction is completed and accepted by the Member, at which point the building will be afforded coverage, subject to the applicable provisions of this Coverage Document;
- c. The Member abandons the construction with no intention to complete it; or
- d. MMRMA membership is terminated.

### C. ZONING, USE, AND BUILDING REGULATIONS



1. If there is a law in effect at the time of loss from a covered cause of loss that regulates zoning and use or construction of a Member's building, and if that law requires the repair or rebuilding, to a specific standard, of the Member's lost or damaged building on file with MMRMA, and, if the Member:
  - a. Repairs or rebuilds the building as soon as reasonably possible, but, in no case more than two calendar years from the date of loss, MMRMA will pay:
    - (1) if demolished, the replacement value of the damaged and undamaged portions of the building;
    - (2) the cost to demolish and clear the site of the undamaged portion of the building; and
    - (3) the increased cost to repair or rebuild a building of the same general size.
  - b. Does not repair, rebuild or replace the building, MMRMA will pay:
    - (1) the **actual cash value** on the date of the loss of the damaged and undamaged portions of the building; and
    - (2) the cost to demolish and clear the site of the undamaged portion of the building.
  - c. The most MMRMA will pay is the Member's actual expenses to the limits of coverage for Member Buildings and Personal Property including Personal Property of Others stated in the Coverage Overview.

D. MEMBER'S PERSONAL PROPERTY AT ANY LOCATION

1. Personal property means the Member's property other than **real estate** in which the Member has an insurable interest. Personal property also includes:
  - a. The Member's interest in labor, materials and services furnished or arranged by the Member on personal property of others; and
  - b. The Member's improvements and betterments to buildings and glass in structures not owned by the Member.
2. Personal property does not mean:
  - a. Land, landfill, water, paved surfaces;
  - b. Growing crops, outdoor trees, shrubs, plants, or lawns;
  - c. Vehicles or machines licensed for use on public roads; and the equipment on those vehicles or machines;
  - d. Marine property or aircraft of any kind or description;
  - e. Mobile equipment;
  - f. Import and export shipments prior to either discharge or loading from aircraft or ocean-going vessel;

- g. Fine arts;
- h. Animals, except loss from a **named cause of loss** to animals owned by the Member;
- i. Accounts receivable, valuable papers, **money** and **securities**, or personal property sold by the Member under a conditional sale or trust agreement or an installment or deferred payment plan after delivery to others;
- j. Personal property pertaining to a building or renovations under construction;
- k. Underground pipes, flues, drains and appurtenances thereto;
- l. Electrical poles, power lines, transformers;
- m. Buildings, structures, or other real property; or
- n. Personal property in transit.

#### E. VALUATION

1. Member's personal property is valued on a **replacement cost** basis except as stated in Exceptions. Personal property valuation includes the cost of:
  - a. Replacing labels, capsules, wrappers, or containers from damaged personal property; and
  - b. The cost of identifying and reconditioning covered personal property.
2. The following are exceptions:
  - a. Accounts receivable records, valuable papers and records, negatives, transparencies, tapes, and prints are valued based on the cost of blank materials, including electronic data processing media but not prepackaged software programs, plus, if copied, the cost of copying data onto blank material.
  - b. Sold personal property awaiting delivery is valued based on the Member's selling price less the value of discounts and expenses the Member would have had.
  - c. Labor, materials and services that the Member furnishes or arranges on personal property of others are valued based on the actual cost of the labor, materials, and services.
  - d. Gold, gold salts and other precious metals are valued at the average market cost for replacement as published by the American Metals Market, during a period of 10 working days, immediately following the date of loss, or the actual sum the Member pays for replacement, whichever is lower.
  - e. Property that the Member does not repair or replace is valued at the **actual cash value**.

3. The most MMRMA will pay is the actual **replacement cost** to the limits of coverage for Member Buildings and Personal Property including Personal Property of Others stated in the Coverage Overview.

#### F. PERSONAL PROPERTY IN TRANSIT

1. Personal property in transit means the Member's personal property, or the personal property of others that is in the Member's care, custody, or control, while in transit. It does not mean the personal property of Member employees.
2. MMRMA will also pay for the Member's interest in shipments sold "Free on Board." When the title of a shipment passes to the consignee and if the consignee refuses to pay because the shipment is lost or damaged, the Member may elect to claim that loss under this coverage. MMRMA will pay for shipments by mail only if registered.
3. The most MMRMA will pay is the amount for which the Member is legally liable up to the limits of coverage for Personal Property in Transit as stated in the Coverage Overview.

#### G. UNREPORTED PROPERTY

1. Unreported property means Member's property that has not been reported to MMRMA because of clerical error or unintentional oversight by the Member provided that such error or oversight existed before the effective date of the Coverage Overview. The property must otherwise meet each and every term, condition and limitation contained in this Coverage Document except that the property is not on file with MMRMA. This coverage does not extend to Member Building Under Construction or Renovations under Construction.
2. The most MMRMA will pay for loss or damage to the Member's unreported property is the Member's actual loss up to the lower of the limits for the specific property loss or for Unreported Property stated in the Coverage Overview.

**SECTION 3**

**Additional Covered Property  
and Limits of Coverage**

**SECTION 3**  
**ADDITIONAL COVERED PROPERTY AND LIMITS OF COVERAGE**

A. MEMBER'S NEWLY ACQUIRED OR CONSTRUCTED PROPERTY

1. MMRMA will pay for the actual cost to repair or replace any loss or damage to a covered property from a covered cause of loss subject to the limits of coverage for Member's Newly Acquired or Constructed Property stated in the Coverage Overview provided the Member reports values to MMRMA within 180 days after the Member acquires the property. If the property is not replaced, MMRMA will pay only the **actual cash value** of the property at the time of the loss. Member's Newly Acquired or Constructed Property means the Member Buildings and Personal Property including Personal Property of Others as defined in Section 2 of this Coverage Document not yet reported to MMRMA.
2. MMRMA may charge an additional contribution for new values reported from the date the property is acquired or construction is completed and accepted by the Member. The Member may purchase additional Limits of Coverage.

B. PERSONAL PROPERTY OF OTHERS

1. Personal Property of Others means personal property as defined in Section 2, D(1) and Section 2, D(2) of this Coverage Document in the Member's care, custody, or control but not owned by the Member. It does not include personal property of Member employees. The loss or damage must be from a covered cause of loss.
2. Personal property of others is valued on the same basis as the Member's personal property, but MMRMA will not pay more than the amount for which the Member is legally liable. The most MMRMA will pay is the limits of coverage for Member Buildings and Personal Property Personal Property of Others as stated in the Coverage Overview.

C. VALUABLE PAPERS

1. Valuable papers means Member's valuable papers, records, negatives, transparencies, tapes, or books. Valuable papers does not mean electronic data processing media, accounts receivable records, or **money** and **securities**.

2. MMRMA will pay the actual cost to research, replace, or restore the information on lost or damaged valuable papers and for additional administrative costs the Member incurred during the **period of restoration** that the Member would not have incurred absent the direct physical loss or damage. The most MMRMA will pay for these costs is 1% (one percent) of the Member Buildings and Personal Property including Personal Property of Others limits of coverage stated in the Coverage Overview.
3. The most MMRMA will pay for books and other valuable papers in a public or a community college library only is 10% (ten percent) of the limits of coverage for Member Buildings and Personal Property including Personal Property of Others stated in the Coverage Overview.
4. Valuable papers are valued based on the full cost of replacement or reproduction when actually replaced or reproduced; if not replaced or reproduced the value is the value blank.

#### D. FINE ARTS

1. Fine arts means a visual art created primarily for aesthetic purposes and valued for its beauty or expressiveness including paintings, sculptures, drawings, watercolors, graphics, or architecture. MMRMA will pay for loss or damage from a covered cause of loss to the Member's fine arts or the fine arts of others in the Member's care, custody, or control.
2. Fine arts are valued at the market value at the time of the loss.
3. When the damaged article is part of a pair or set, the Member or owner may choose one of the following methods of loss payments:
  - a. The market value of the entire pair or set. The Member or owner will return to MMRMA the remaining pieces; or
  - b. The cost to repair the damaged pieces. The Member or owner will keep the undamaged pieces. If the pair or set, with the repaired pieces, has a lower value than it had prior to the loss, MMRMA will also pay the difference. In no event will MMRMA pay more than the value the pair or set had prior to the loss; or
  - c. The market value of the lost or damaged pieces prior to the loss when the pieces cannot be found or repaired. The Member or owner will keep the undamaged pieces. If the remaining pieces have a reduced value, MMRMA will pay the difference between the value of the remaining pieces prior to the loss and after the loss. In no event will MMRMA pay more than the value the pair or set had prior to the loss.
4. If there is an **agreed amount** on the fine art, the most MMRMA will pay is the **agreed amount**.
5. The most MMRMA will pay for fine arts, per **occurrence**, is the actual market value to the limits of coverage for Fine Arts stated in the Coverage Overview.

E. DEBRIS REMOVAL

1. Debris removal coverage means the Member's expense to remove debris of covered property from the Member's premises caused by or resulting from a covered cause of loss that occurs during membership. These expenses will be paid only if they are reported to MMRMA within 180 days of the date of direct physical loss or damage or termination of membership, whichever is earlier.
2. Debris removal coverage does not apply to costs to extract **pollutants** from Member covered property, land or water or remove, restore or replace polluted land or water.
3. The most MMRMA will pay for debris removal, per **occurrence**, is the actual cost of removal to the limits of coverage for Debris Removal stated in the Coverage Overview.

F. MONEY AND SECURITIES

1. **Money** and **securities** coverage means the replacement of **money** and **securities** that are lost, damaged or destroyed from a covered cause of loss either
  - a. on premises meaning the Member's premises; in a bank; or in a recognized place of safe deposit; or
  - b. off premises meaning in an armored vehicle; or in the possession of any person authorized by the Member.
2. Coverage is not provided for **money** and **securities** while in the U.S. Mail, in the custody of a carrier for hire other than in an armored **motor vehicle** company licensed for that purpose, or Member employee theft.
3. **Money** means U.S. currency and coins, bank notes, bullion; and travelers checks, registered checks and **money** held for sale. **Securities** means all instruments or contracts that represent either **money** or other property held by the Member in any capacity; or personal property of others that the Member holds as a pledge or as collateral for a loan.
4. When loss of **money** occurs, MMRMA will pay the cost to replace the **money**.
5. When **securities** are lost, damaged or destroyed, MMRMA will pay the **actual cash value** of the **securities** at the end of the last business day before the loss is discovered or the actual cost of replacing the **securities**, whichever is less. MMRMA will not pay for the loss of investment income, interest, or dividends. **Money** refers to currency issued by the United States or Canadian government.
6. The most MMRMA will pay, per **occurrence**, is the actual loss to the limits of coverage for **money** and **securities** stated in the Coverage Overview.

G. ACCOUNTS RECEIVABLE

1. Accounts receivable means the **money** due the Member that the Member is unable to collect as a result of direct physical loss or damage by a covered cause of loss, to the Member's accounts receivable records including those on electronic data processing media.

2. Accounts receivable includes interest charges on any loan that the Member secures to offset the Member's reduced cash flow; additional collection costs that arise as a result of the loss; and reasonable expenses to reestablish the Member's accounts receivable records.
3. MMRMA will also pay for the additional administrative costs the Member incurs during the **period of restoration** that the Member would not have incurred if there had not been direct physical loss or damage.
4. When there is proof that a covered loss has occurred and the Member cannot accurately establish the amount receivable, the amount of loss will be computed as follows:
  - a. Calculate the average receipts, by month, for the 36 months preceding the loss. MMRMA will pay for lost accounts receivable monthly based on the average receipts for that month as calculated above, plus 5%, to a maximum of 12 months. MMRMA will pay only the actual losses and will receive credit for any payments received by the Member.
5. The most MMRMA will pay, per **occurrence**, is the actual loss payments calculated above to the limits of coverage for Accounts Receivable stated in the Coverage Overview

#### H. FIRE OR EMERGENCY VEHICLES

1. Fire or emergency vehicles means the Member's self propelled motor vehicles used primarily for fire, medical emergency, or rescue services and which are designed and licensed for travel on public roads. The definition also includes the equipment routinely used for such services if the equipment is carried on or in the vehicle. Mobile equipment or law enforcement vehicles are not fire or emergency vehicles.
2. Each vehicle, and its maximum replacement value, as provided by Member or actual cash value, must be on file with MMRMA. Replacement valuation will apply only to Member Fire or Emergency vehicles with a model year that does not exceed fifteen (15) years at time of reporting. The most MMRMA will pay for any fire or emergency vehicle with a model year that exceeds fifteen (15) years is the actual cash value.
3. If the Member actually replaces or repairs the vehicle, the most MMRMA will pay is either the actual replacement or repair cost, not to exceed the maximum replacement value or **agreed amount** for that specific vehicle on file with MMRMA. The most MMRMA will pay, per **occurrence**, is the limits of coverage for aggregate Fire or Emergency Vehicles stated in the Coverage Overview. If the Member does not replace or repair the vehicle, the most MMRMA will pay is the **actual cash value** of the vehicle immediately prior to the loss.
4. The Member may select **actual cash value** coverage for any or all of the Member's fire or emergency vehicles. If the Member does so, the most MMRMA will pay is the **actual cash value** of the vehicle.
5. MMRMA will pay for the rental of fire or emergency vehicles to replace temporarily a damaged or lost vehicle. The rental shall not exceed twelve (12) weeks and the weekly rate stated in the Coverage Overview.



6. MMRMA will not pay any loss or damage that is due to inadequate or improper maintenance, wear and tear, freezing, mechanical or electrical breakdown or failure.

This does not apply to any ensuing loss or ensuing damage caused by a **named cause of loss**.

#### I. MOBILE EQUIPMENT

1. Mobile equipment means any of the following land vehicles not licensed or eligible to be licensed for use on public roads, including equipment normally carried on or in the vehicle.
  - a. Bulldozers, farm machinery, forklifts, and other vehicles designed for use principally off public roads;
  - b. Vehicles that travel on crawler treads:
    - (1) power cranes, shovels, loaders, diggers, or drills; or
    - (2) road construction or resurfacing equipment such as graders, scrapers, or rollers;
  - c. Vehicles not described in a. or b. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
    - (1) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment; or
    - (2) cherry pickers and similar devices used to lift workers to heights
  - d. Vehicles not described in a. or b. above maintained primarily for purposes other than the transportation of persons or cargo. Any vehicle licensed or eligible to be licensed for use on public roads is not mobile equipment.
2. Mobile equipment includes equipment owned by the Member or leased, rented, or borrowed by the Member. It also includes mobile equipment in the Member's care, custody, or control.
3. The most MMRMA will pay if the Member actually repairs or replaces the mobile equipment is the actual cost or the limit of coverage for Mobile Equipment stated in the Coverage Overview, whichever is less.
4. If the Member does not repair or replace the mobile equipment, the most MMRMA will pay is the **actual cash value** of the mobile equipment immediately prior to the loss or damage.
5. The Member may select **actual cash value** coverage for any or all of the Member's mobile equipment. If the Member does so, the most MMRMA will pay is the **actual cash value** of the unit.
6. MMRMA will not pay for any loss or damage due to inadequate or improper maintenance, wear and tear, freezing, mechanical or electrical breakdown or failure.

J. STRUCTURES OTHER THAN A BUILDING

1. Structures other than a building means the Member's **real estate** that is not roofed and walled. It includes, by way of illustration but not limitation, the Member's tunnels and bridges. The items listed in Section 2A(4) of this Coverage Document are not Structures Other Than a Building.
2. If the Member actually replaces or repairs the structure, MMRMA will pay the **replacement cost** to the limits of coverage for Structures Other Than a Building stated in the Coverage Overview.
3. If the Member does not replace the structure, MMRMA will pay the **actual cash value** of the structure immediately prior to the loss to the limits of coverage for Structures Other Than a Building stated in the Coverage Overview.

K. STORM OR SANITARY SEWER BACK-UP

1. Storm or sanitary sewer back-up means damage to the Member's property caused only by the back-up of storm or sanitary sewage wastewater. It does not include damage from any other cause or source.
2. MMRMA will pay clean-up expenses and to repair or replace the Member's damaged property to the limits of coverage for Storm or Sanitary Sewer Back-Up stated in the Coverage Overview.

L. MARINE PROPERTY

1. Marine property means only the Member's personal property, including boats, watercraft, docks, piers, and buoys that are designed and built exclusively for use on the water. All self-propelled watercraft and boats must be less than 75 feet in length. Marine Property does not include marina operator's legal liability coverage or any other marine insurance.
2. Marine Property includes watercraft in the Member's care, custody, or control.
3. The loss or damage must result from a covered cause of loss.
4. If the Member replaces or repairs the marine property, MMRMA will pay the **replacement cost** to the limits of coverage for Marine Property stated in the Coverage Overview.
5. If the Member does not replace or repair the marine property, MMRMA will pay the **actual cash value** of the property immediately prior to the loss to the limits of coverage for Marine Property stated in the Coverage Overview.

M. OTHER COVERED PROPERTY - LIMITS OF COVERAGE

The most MMRMA will pay for loss from a covered cause of loss, except as otherwise stated, per **occurrence**, for the other covered property listed in Items 1-9 below is the actual loss to the limits of coverage for Other Covered Property stated in the Coverage Overview. The limits apply separately to each covered property on an **occurrence** basis.

Other covered property is:

1. Personal Property of Employees

Personal property of employees means loss or damage from a covered cause of loss to property other than **real estate**, owned by a Member employee and in the Member's care, custody, and control. Personal property of employees is valued on the same basis as the Member's personal property, but MMRMA will not pay more than the amount for which the Member is legally liable.

2. Inventory or Appraisals

Inventory or appraisals mean the cost of any inventory or appraisal that MMRMA requires when loss or damage occurs to covered property.

3. Pollutant Clean Up and Removal

a. Pollutant clean up and removal coverage means the Member's expense to extract **pollutants** from land, buildings, or water at the Member's premises on file with MMRMA only if the release, discharge, or disposal of the **pollutants** is caused solely by or results only from a named cause of loss that occurs during the membership period. The most MMRMA will pay, under any circumstances or conditions or period of time, for Pollutant Clean Up and Removal at the same site is the limits of coverage for Other Covered Property stated in the Coverage Overview.

b. Expenses will be paid only if they are reported to MMRMA within 180 days of the date of direct physical loss or damage or termination of membership, whichever is earlier.

4. Fire Protective Equipment or Service

MMRMA will pay the actual cost to refill any fire protective equipment when discharged to suppress a **named cause of loss**. MMRMA will also pay for fire suppression charges from a public fire department.

5. Removal

MMRMA will pay for any direct physical loss or damage to any covered property while it is being moved or while temporarily stored at another location, if the Member must move it from the Member's premises to preserve it from loss or damage by a covered cause of loss.

6. Elevator Collision

MMRMA will pay for any loss or damage caused by damage to an elevator as a result of a collision with another object or damage to the Member's personal property or personal property of others in the Member's care, custody, or control as a result of collision with an elevator.

7. Burglary Damage to Building

MMRMA will pay for any loss or damage that results from burglary or any attempt at burglary, but not any ensuing loss from a covered cause of loss, to buildings the Member owns or buildings the Member does not own, but occupies and for which the Member is liable. The ensuing loss may be eligible for coverage under other provisions of this Coverage Document.

8. Outdoor trees, shrubs, plants, or lawns

MMRMA will pay to remove and replant stolen or damaged trees, shrubs, plants, and lawns on premises that are owned by the Member or for which the Member is legally liable. The loss must result from a **named cause of loss** other than wind, hail, or vehicles. This coverage does not apply to indoor plants of any type.

9. Unmanned aircraft

Unmanned aircraft means an aircraft that is not:

- a. designed,
- b. manufactured, or
- c. modified after manufacture

to be controlled directly by a person from within or on the aircraft;

and is not more than 55 pounds in total weight.

N. TRANSFORMERS

1. Transformer means any device used to receive current at one voltage, and deliver the same current at a different voltage.
2. The most MMRMA will pay for loss or damage to the Member's transformers is the Member's actual loss up to \$2,500,000.
3. Member transformers with values excess of \$2,500,000 may be granted coverage, if reported and accepted by MMRMA prior to loss.
4. The following are excluded:

Any transformer attached to or a part of electrical poles or power lines.

O. DAMS AND INLAND LAKE LEVEL CONTROLS

1. MMRMA will pay for the actual cost to repair or replace any loss or damage to a covered property from a covered cause of loss subject to the limits of coverage for **Member's** Dams as stated below.
2. Dams means any artificial barrier, including dikes, embankments, and appurtenant works, that impounds, diverts, or is designed to impound or divert water or a combination of water and any other liquid or material in the water; that is or will be when complete 6 feet or more in height; and that has or will have an impounding capacity at design flood elevation of 5 surface acres or more.
3. Inland lake means a natural or artificial lake, pond, impoundment, or a part of one of those bodies of water. Inland lake does not include the Great Lakes or Lake

St. Clair. A dam used to regulate or maintain the level of an inland lake means an artificial barrier, structure, or facility and appurtenant works.

4. Dam does not include a storage or processing tank or standpipe constructed of steel or concrete, a roadway embankment not designed to impound water, or a dug pond where there is no impoundment of water or waste materials containing water at levels above adjacent natural grade levels.
5. The most MMRMA will pay if the **Member** repairs or replaces the dam or inland lake level controls is the **replacement cost** provided by the **Member** and accepted by and on file with MMRMA up to a maximum of \$15,000,000 per occurrence.
6. **Member** is required to provide appraisal of all dams and inland lake level controls valued with a **replacement cost** greater than \$250,000. The most MMRMA will pay if **Member** does not provide **replacement cost** is the **actual cash value** of the dam or inland lake level controls immediately prior to loss or damage.

P. GOLF COURSE GREENS

MMRMA will pay for the actual cost to repair or replace any loss or damage from a **named cause of loss** to golf course greens owned by the Member.

**SECTION 4**

**Income and Extra  
Expense Coverage**

**SECTION 4**  
**INCOME AND EXTRA EXPENSE COVERAGE**

A. COVERAGE AND LIMITS

1. MMRMA will pay for the loss of income and extra expense the Member incurs due to the actual suspension of the Member's **operations** during a **period of restoration**. The suspension of **operations** must be caused solely by direct physical loss or damage by a covered cause of loss to a covered property.
2. The most MMRMA will pay for loss in any one **occurrence** is the actual amount of loss not to exceed the Limit of Coverage for Income and Extra Expense stated in the Coverage Overview.

B. INCOME AND EXTRA EXPENSE SUBJECTS OF COVERAGE

1. Income means income loss from **operations** caused solely by direct physical loss or damage by a covered cause of loss to a covered property.
2. Extra expense means any expenses the Member incurs in an attempt to continue **operations**, in excess of the expenses the Member would have incurred had there been no direct physical loss or damage to the Member's property by a covered cause of loss. MMRMA will pay those extra expenses during the **period of restoration**, not to exceed 12 months. Extra expense does not include employee salaries and employee benefits that the Member would have incurred absent the loss.

MMRMA will also pay those extra expenses the Member incurs to repair or replace any property or to research or restore the lost information or damaged valuable papers, records, and media only if such action will reduce any loss MMRMA would pay under this coverage.

3. Income and Extra Expense coverage also includes:
  - a. The loss of income and the extra expense the Member incurs due to the actual or delay in the start of the Member's **operations** when a civil authority prohibits access to the Member's premises because of a direct physical loss or damage by a covered cause of loss to property away from the Member's premises. MMRMA's coverage is limited to 30 days from the time the civil authority takes action;
  - b. The loss of actual income that the Member incurs and discovers after the **period of restoration**. This loss must result from direct physical loss or damage to the Member's property by a covered cause of loss. MMRMA will pay:
    - (1) for the same length of time it took to restore the Member's property to the condition that existed prior to the loss; and
    - (2) only if the discovery is made within 24 months after the date of loss;

- c. The loss of income and extra expense the Member incurs due to the actual suspension of the Member's **operations** during the **period of restoration** as a result of direct physical loss or damage by a covered cause of loss to property other than the Member's but used to supply the Member with the following utilities: water, telephone, telegraph, natural gas, or electricity. Overhead telephone, telegraph or electric lines and underground electric, water, telephone or gas lines or pipes are excluded from coverage. MMRMA will pay extra expense for loss the Member incurs after the first 12 hours of interruption of service to a maximum of 30 days. The Member may purchase, prior to the loss, additional protection at any premise up to the Income and Extra Expense limits of coverage stated in the Coverage Overview.
- 4. MMRMA will not pay for any income and extra expense loss caused, directly, indirectly, or consequentially from:
    - a. Interference at the premises by strikers or other persons causing a delay in rebuilding, repairing, or replacing the property or resuming **operations**; or
    - b. Suspension, lapse, or cancellation of any license, permit, lease, or contract.
  - 5. Newly Acquired Property Income and Extra Expense coverage applies to newly acquired property provided that the Member notifies MMRMA within 180 days of acquiring the property. The most MMRMA will pay is 50% of the loss of Income and Extra Expense limits of coverage stated in the Coverage Overview. This coverage extension for each newly acquired premises will remain in force until any of the following first occurs:
    - a. The Member notifies MMRMA of how the Member wants this coverage to apply to the newly acquired premises;
    - b. 180 days after the Member acquires the property; or
    - c. The Member's membership is terminated.

#### C. LOSS DETERMINATION

- 1. The amount of income loss will be determined by the following process:
  - a. Using the Member's records, calculate on a month-by-month basis, the Member's income from the **operations** affected by the loss from a covered cause of loss for the 36 months immediately preceding the loss. Income does not include any taxes or grants of any type from any governmental agency.
  - b. MMRMA will pay the average monthly income calculated above, on a month to comparable month basis, provided that MMRMA's payments will be reduced by all income earned by the Member from the **operations** effected by the loss. The most MMRMA will pay is the limits of coverage for income and extra expense stated in the Coverage Overview to a maximum of 12 months, whichever occurs first.
- 2. The amount of extra expense loss will be determined by the following process:



- a. All expenses that exceed the budgeted operating expenses including but not limited to ordinary employee salaries and employee benefits that would have been incurred by **operations** during the **period of restoration** if no direct physical loss or damage had occurred.
  - b. The maximum MMRMA will pay is the limits of coverage for Income and Extra Expense stated in the Coverage Overview. MMRMA will deduct from the total of such expenses:
    - (1) the salvage value that remains of any property bought for temporary use during **period of restoration**, once **operations** are resumed;
    - (2) any extra expense that is paid for by other insurance or other similar protection; and
    - (3) all necessary expenses that reduce the income loss that otherwise would have been incurred.
3. MMRMA will reduce the amount of the Member's income loss payment, other than extra expense
- a. to the extent the Member can resume the Member's **operations**, in whole or in part, by using damaged or undamaged property at the Member's premises or elsewhere; or
  - b. to the extent the Member can resume the Member's **operations**, in whole or in part, by using any other available Member premises.

**SECTION 5**

**Exclusions for all  
Coverages Provided in  
this Coverage Document**

**SECTION 5  
EXCLUSIONS FOR ALL COVERAGES PROVIDED IN THIS  
COVERAGE DOCUMENT**

Under no conditions, circumstances, or set of facts will MMRMA pay for any loss resulting directly, indirectly, or consequentially from:

A. WAR AND MILITARY ACTION

1. War, including undeclared or civil war;
2. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents;
3. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these;
4. Any direct or indirect loss that results from war or military action even if the resulting loss would otherwise be covered; or
5. Any such direct or indirect loss or damage caused by, resulting from, contributed to or made worse by acts or decisions or **planning, design, materials or maintenance**.

B. GOVERNMENTAL ACTION

1. Seizure or destruction of property by order of any judicial or other governmental authority;
2. Any direct or indirect loss that results from any judicial or other governmental action, even if the resulting loss would otherwise be covered; or
3. Any such direct or indirect loss or damage caused by, resulting from, contributed to or made worse by acts or decision or **planning, design, materials or maintenance**.

This exclusion does not apply to acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Document.

C. NUCLEAR HAZARD

1. Nuclear reaction or radiation, or radioactive contamination of any kind or type, however or whenever caused; or
2. Electromagnetic fields; or
3. Any such direct or indirect loss or damage caused by, resulting from, contributed to or made worse by **acts or decisions** or **planning, design, materials or maintenance**.

D. DISHONESTY

Fraudulent, dishonest or criminal acts or omissions committed by the Member or the Member's employees or by anyone authorized to act for the Member. This exclusion does not apply to:

1. Acts of vandalism;
2. Acts committed by carriers for hire or anyone claiming to be a carrier for hire; or
3. Any ensuing loss or ensuing damage by a **named cause of loss**.

E. WEAR AND TEAR

Wear and tear or gradual deterioration. This exclusion does not apply to:

1. Any ensuing loss or ensuing damage caused by a **named cause of loss** or income or extra expense loss resulting from such ensuing loss or ensuing damage; or
2. **Money and securities**.

F. MISTAKES

Errors in systems programming or logic, or any errors that result in damage to personal property being worked on, altered, or repaired if the loss or damage results from that work. This exclusion does not apply to:

1. Any ensuing loss or ensuing damage by a **named cause of loss** or income or extra expense loss resulting from such ensuing loss or damage; or
2. **Money and securities**, accounts receivable, valuable papers, or fine arts.

G. INSECTS OR VERMIN

This exclusion does not apply to:

1. Any ensuing loss or damage by a **named cause of loss** or income or extra expense loss resulting from such ensuing loss or damage;
2. **Money and securities**, accounts receivable, or valuable papers; or
3. Electronic data processing equipment and media or resulting income and extra expense loss.

H. LATENT DEFECT, IMPROPER INSTALLATION

Rust, corrosion, fungus, decay, deterioration, hidden or latent defect, improper or faulty installation or construction, or any quality in property that causes it to damage or destroy itself. This exclusion does not apply to:

1. Electrical injury or arcing, mechanical breakdown or boiler explosion;
2. Any ensuing loss or damage by a **named cause of loss** or income or extra expense loss resulting from such ensuing loss or damage;
3. **Money** and **securities**, accounts receivable, or valuable papers.

I. ATMOSPHERE/TEMPERATURE/MARRING/SCRATCHING

1. Damage or loss due to or resulting, directly or indirectly, from: freezing; dampness or dryness of atmosphere; changes in or extremes of temperature; or marring or scratching.
2. This exclusion does not apply to:
  - a. Electrical injury or arcing; mechanical break-down; or boiler explosion;
  - b. Any ensuing loss or damage by **named cause of loss** or income or extra expense resulting from such ensuing loss or damage;
  - c. **Money** and **securities**, accounts receivable, valuable papers, fine arts, personal property in transit.

J. EARTHQUAKE OR FLOOD, except as provided in Section 8 of this Coverage Document.

K. ACTS, OR DECISIONS, OR PLANNING, DESIGN, MATERIALS, OR MAINTENANCE

1. Any such direct or indirect loss or damage caused by, resulting from, contributed to or made worse by **acts or decisions** or **planning, design, materials or maintenance**.

L. WATER

1. Mudslide or mudflow;
2. Water under the ground surface pressing on or flowing or seeping through:
  - a. Foundations, walls, floors or paved surfaces;
  - b. Basements, whether paved or not; or
  - c. Doors, windows or other openings.

But, if loss or damage by a **named cause of loss** results, MMRMA will pay for that resulting loss or damage.

3. Water leaks or flows from plumbing, heating, air conditioning or other equipment, except fire protection systems, caused by or resulting from freezing, unless:

- a. the Member takes all reasonable efforts to maintain heat in the building;  
or
  - b. if heat is not maintained, and the Member drains the equipment and  
shuts off the water supply; or
4. Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.

M. EARTH MOVEMENT

Any earth movement, other than sinkhole collapse or mine subsidence, such as landslide or earth sinking, rising or shifting. But if loss or damage by a **named cause of loss** results, MMRMA will pay for that resulting loss or damage.

N. VOLCANIC ACTION

The cost to remove ash, dust, or particulate matter that does not cause direct physical loss to covered property is excluded from coverage.

O. POLLUTION

The actual, alleged or threatened discharge, dispersal, release, seepage, migration or escape of **pollutants** however or whenever caused including:

- 1. At or from any premises, site or location which is or was at any time owned, leased, used, controlled, loaned to, or rented by or on behalf of the Member;
- 2. At or from any premises, site or location which is or was at any time used by or for a Member or others for the handling, storage, disposal, processing, or treatment of waste;
- 3. Which are or were at any time transported, handled, stored, treated, disposed of or processed as waste by or for a Member or for any person or organization for whom a Member may be legally responsible;
- 4. At or from any premises, site or location on which a Member or any contractors or subcontractors working directly or indirectly on a Member's behalf are or had been performing **operations**
  - a. If the **pollutants** are brought on or to the premises, site or location in connection with such **operations**; or
  - b. If the **operations** are or have been to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of **pollutants**.
- 5. Any cost, loss, claim for damages or any lawsuit arising out of any directive, demand, or request, whether governmental, judicial or otherwise, that the Member or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effects of **pollutants**.

This exclusion does not apply if the release, discharge or dispersal is caused solely by a **named cause of loss**. Payments for such loss are limited to the limits of coverage for Other Covered Property stated in the Coverage Overview and other provisions pertaining to Pollutant Clean Up and Removal in Section 3 of this Coverage Document.

P. SETTLING

Settling, cracking, shrinkage or expansion of pavements, foundations, walls, floors, ceilings or swimming pools.

This exclusion does not apply to:

1. Any ensuing loss or ensuing damage by a **named cause of loss** or income or extra expense loss resulting from such ensuing loss or ensuing damage;
2. **Money** and **securities**, accounts receivable, valuable papers, fine arts, personal property in transit; or
3. Electronic data processing equipment and media or resulting income and extra expense loss.

Q. DISAPPEARANCE

Mysterious disappearance or inventory shortage.

This exclusion does not apply to:

1. Any ensuing loss or damage by a **named cause of loss** or income or extra expense loss resulting from such ensuing loss or damage;
2. Personal property in transit, **money** and **securities**, accounts receivable, valuable papers, fine arts; or
3. Electronic data processing equipment and media or resulting income and extra expense loss.

R. DELAY IN TRANSIT OR LOSS OF MARKET

This exclusion does not apply to:

1. Any ensuing loss or damage by a **named cause of loss** or income or extra expense loss resulting from such ensuing loss or damage;
2. **Money** and **securities**, accounts receivable, valuable papers and records, negatives, transparencies and tapes or fine arts; or
3. Electronic data processing equipment and media or resulting income and extra expense loss.

S. ADDITIONAL EXCLUSIONS - MONEY AND SECURITIES

The following additional exclusions apply only to **money** and **securities**:

1. SURRENDERING  
giving or surrendering of **money** or **securities** in any exchange or purchase

2. FORGERY
  3. FIRE  
loss or damage by fire to personal property of others that the Member holds as a pledge or as collateral for a loan.
  4. ACCOUNTING LOSS  
due to accounting, mathematical or record-keeping errors.
  5. BOOKS AND RECORDS LOSS  
or damage from crime to manuscripts, records, accounts, microfilm or tapes.
- T. ADDITIONAL EXCLUSION - ACCOUNTS RECEIVABLE
- The following additional exclusions apply only to accounts receivable:
1. BOOKKEEPING  
bookkeeping, accounting or billing errors or omissions.
  2. AUDIT LOSS  
determined only by an audit or inventory count. If loss can be determined by other means, the Member may use an audit or inventory count to support the Member's claim for that loss.
- U. TERRORISM, except as provided in Section 9 of this Coverage Document.
- V. COMMUNICABLE DISEASE
- The exclusion set forth in Paragraph 1 and 2 below applies to all coverage under all forms and endorsements that comprise this Coverage Document, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense, rental value, or action of civil authority.
1. MMRMA will not pay for any loss, damage, liability, claim, cost, or expense of whatsoever nature, directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease regardless of any other cause or event contributing concurrently or in any sequence thereto. As used herein, a Communicable Disease includes, but is not limited to, a virus, bacterium, pathogen, fungus, parasite, or other microorganism or any variation thereof, whether deemed living or not, that induces or is capable of inducing physical distress, illness, disease, or can cause or threaten damage to human health or human welfare.
  2. MMRMA will not pay for loss or damage caused by, or in response to any pandemic or epidemic.
  3. With respect to any loss or damage subject to the exclusion in Paragraph 1 and 2, above, such exclusion supersedes any exclusion relating to **"pollutants."**



4. The terms of the exclusion in Paragraph 1 and 2, above, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Document.
- W. Any coverage provided by the Michigan Municipal Risk Management Authority Data Breach and Privacy Liability Coverage Document, which is incorporated for this Exclusion only.

**SECTION 6**

**Member's Duties and Other  
Procedures Relating to a Property,  
Income or Extra Expense Claim**

**SECTION 6**  
**MEMBER'S DUTIES AND OTHER PROCEDURES RELATING TO A**  
**PROPERTY, INCOME OR EXTRA EXPENSE CLAIM**

- A. IN THE EVENT OF AN OCCURRENCE OR CLAIM THE MEMBER SHALL
1. Notify MMRMA immediately and give details of the loss including the time, place, names and addresses of available witnesses. Immediately means within 72 hours after the Member becomes aware of the loss.
  2. Cooperate with MMRMA, its staff, attorneys, claims adjusters, and consultants in the investigation, settlement or handling of any claim or lawsuit. This includes complying with all terms and conditions contained in the Joint Powers Agreement, MMRMA Rules, MMRMA administrative procedures, and this Coverage Document.
  3. Permit MMRMA to question the Member under oath whenever MMRMA deems it necessary.
  4. Authorize MMRMA to obtain records or reports necessary for MMRMA's investigation.
  5. Notify the police if a law may have been broken.
  6. Take every reasonable step to protect property from further damage or loss. If possible, separate damaged property from undamaged property. Make or arrange for reasonable repairs where necessary for such protection and separation and keep a record of the repair expenses the Member incurs for consideration in the settlement of the claim. This will not increase the limits of coverage stated in the Coverage Overview.
  7. File with MMRMA a sworn proof of loss within 90 days after the date of the loss.
  8. Resume all or part of the Member's **operations** as quickly as possible.
- B. IN THE EVENT OF LOSS OR DAMAGE COVERED BY THIS COVERAGE DOCUMENT
1. MMRMA will either:
    - a. Pay the value of lost or damaged property in accordance with the applicable valuation provisions herein;
    - b. Pay the cost of repairing or replacing the lost or damaged property, plus any reduction in value of repaired items;
    - c. Take all or any part of the property at any agreed upon or appraised value; or
    - d. Repair, rebuild or replace the property with other property of like kind and quality.
  2. MMRMA will not pay the Member more than the Member's financial interest in the covered property or the limits of coverage stated in the Coverage Overview.

3. MMRMA will give notice of its intentions within a reasonable period after MMRMA receives the sworn statement of loss.
4. MMRMA may adjust losses with the owners of lost or damaged property if other than the Member. If MMRMA pays the owners, such payments will satisfy the Member's claims against MMRMA for the owners' property. MMRMA will not pay the owners more than their financial interest in the property.
5. MMRMA may elect to defend the Member against suits arising from claims of owners of property. MMRMA will do this at MMRMA's expense.
6. MMRMA will pay for covered loss or damage within a reasonable period after MMRMA receives the sworn statement of loss, if the Member has complied with all of the terms of this Coverage Document, the Joint Powers Agreement, MMRMA rules, and administrative procedures; and
  - a. MMRMA has reached agreement with the Member on the amount of loss; or
  - b. An appraisal award has been made.
7. MMRMA will deduct from any payment for loss of **money** or **securities** the amount the Member recovers from any other party:

#### C. APPRAISAL PROCEDURES

1. If MMRMA and the Member do not agree on the amount of the loss, either party may make a written demand for an appraisal of the loss. When this occurs, the Member will select and pay a competent and impartial appraiser; MMRMA will select and pay a competent and impartial appraiser. The two appraisers will select an umpire. If the appraisers cannot agree on an umpire, either party may request that the Board of Directors of the Michigan Municipal Risk Management Authority make the selection. Each appraiser will state the amount of net income and operating expense, the value of the property and the amount of the loss. If the appraisers do not agree, they will submit their statements to the umpire. Agreement by the umpire with either of the appraisers will be binding. MMRMA and the Member will pay their own appraisal expenses and share equally the expense of the umpire. Even though MMRMA may submit to an appraisal, MMRMA will retain MMRMA's right to deny the claim.
2. Appraisal does not mean coverage issues which shall be resolved as stated in the Joint Powers Agreement and MMRMA rules, regulations, and administrative procedures.

#### D. OTHER INSURANCE OR PROTECTION

If the Member has or had insurance or other protection against a loss covered by this Coverage Document, the Member's MMRMA coverage shall apply excess thereof and not contributing therewith.

#### E. RECOVERED PROPERTY

1. If any lost or damaged property is recovered by the Member or MMRMA after a loss payment is made, the party making the recovery must give the other party prompt notice. When property is recovered, the Member may

- a. keep the recovered property and return the loss payment to MMRMA; or
  - b. keep the loss payment and MMRMA will keep the recovered property.
2. If any recovered property has salvage value, or if there is any **money** recovered through subrogation, to the extent thereof MMRMA will reimburse the Member for
    - a. the retention amount;
    - b. any uninsured loss resulting from an insufficient Limit of Coverage.
  3. If there are any expenses in recovering lost or damaged property, or through subrogation, MMRMA will share the expenses with the Member in proportion to the amount MMRMA and the Member are reimbursed.
  4. When recovered property that the Member chooses to keep is in need of repair, MMRMA will pay for the repairs subject to the Limit of Coverage for the lost or damaged property.

F. MMRMA's RIGHT TO RECOVER A PAYMENT

1. If any Member or person to or for whom MMRMA makes payment under this Coverage Document has rights to recover damages for another, those rights are transferred to MMRMA to the extent of MMRMA's payment. That Member or person must do everything necessary to secure MMRMA's rights and must do nothing after loss to impair MMRMA's rights. The Member may waive the Member's rights against another party in writing
  - a. prior to loss to the Member's covered property or covered income; or
  - b. after a loss to the Member's covered property or covered income only if, at the time of loss, that party is one of the following:
    - (1) someone covered by this coverage; or
    - (2) the Member's tenant.
2. MMRMA's right to recover will not restrict the Member's coverage.

G. DISPUTES, VENUE

1. Disputes between the Member and MMRMA including but not limited to coverage issues shall be resolved as stated in the Joint Powers Agreement and MMRMA rules.
2. The Member stipulates that the County in which the office of MMRMA's Executive Director is located is the only proper county in which to commence and prosecute a lawsuit or suit at equity involving MMRMA and the Member.

H. ABANDONMENT

There can be no abandonment of any property to MMRMA unless MMRMA specifically agrees to it.

J. TERRITORY

This coverage applies in the United States of America, Canada, and territories and possessions of the United States of America. It does not apply to intercontinental shipments to and from Alaska.

K. CHANGES

This Coverage Document can only be changed by a written amendment that becomes part of this Coverage Document. The amendment must be signed by one of MMRMA's authorized representatives.

L. AUDIT OF BOOKS AND RECORDS

MMRMA may audit the Member's books and records as they relate to this coverage at any time during the term of this Coverage Document and up to three years afterwards.

M. INSPECTIONS AND SURVEYS

1. MMRMA has the right but is not obligated to:
  - a. Make inspections and surveys at any time;
  - b. Give the Member reports on the conditions MMRMA finds; and
  - c. Recommend changes.
2. Any inspections, survey, reports or recommendations relate only to acceptance by MMRMA for coverage and the contributions to be charged. MMRMA does not make safety inspections. MMRMA does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And MMRMA does not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards. This condition applies not only to MMRMA, but also to individuals or organizations MMRMA may engage to make inspections, surveys, reports or recommendations.

N. TRANSFER OF RIGHTS AND DUTIES

The Member's rights and duties under this Coverage Document may not be transferred without MMRMA's written consent. Members and any persons or entities claiming benefits under this Coverage Document may not assign any interest in those benefits without MMRMA's written consent.

O. CONCEALMENT OR MISREPRESENTATION

This Coverage Document is void if the Member, at any time, intentionally conceals or misrepresents any material fact or circumstance relating to any claim, lawsuit, or coverage provided under this Coverage Document.

P. CONFORMANCE

Any terms of this Coverage Document which are in conflict with the applicable statutes of the State of Michigan are amended to conform to such statutes.

Q. TITLES OR PARAGRAPHS

The titles of the various paragraphs of this Coverage Document and amendments, if any, attached to the Coverage Document are inserted solely for convenience or reference and are not to be deemed in any way to limit, expand upon or affect the provisions to which they relate.

R. LIBERALIZATION

If MMRMA adopts any changes while this Coverage Document is in force or within 45 days prior to its effective date which could broaden or extend this Coverage Document without an additional contribution charge, the Member will automatically receive the benefit of broadened coverage.

S. NO BENEFIT TO CARRIER OR BAILEE

No person or organization, other than the Member, having custody of covered property will benefit from this Coverage Document.

T. MORTGAGEE

1. MMRMA will make payment for loss of or damage to buildings or buildings under construction payable jointly to the Member and the mortgage holder, if any, acknowledged prior to the loss by MMRMA, in writing, as interests may appear. However, the Member's mortgage holder has the right to receive loss payment even though:

- a. The Member failed to comply with this Coverage Document's requirements; or
- b. The Member's mortgage holder starts foreclosure or similar actions on the building or building under construction.

2. If MMRMA makes loss payments to the Member's mortgage holder when the Member fails to comply with this Coverage Document's requirements, the Member will have to pay MMRMA to the extent it pays the mortgage holder. The Member's mortgage holder will still have the right to receive the balance of the mortgage debt from the Member. MMRMA also has the right to take over the Member's mortgage after making loss payment to the mortgage holder. If we do, the Member will pay the Member's remaining mortgage debt to us. The mortgage holder must notify MMRMA of any change in ownership known to the mortgage holder.

U. MEMBER'S SELF INSURED RETENTION AND DEDUCTIBLE

A Member's deductible amount and a Member's self-insured retention may apply as stated in the Coverage Overview. The most MMRMA will pay is the difference between the Member's self-insured retention and limits of coverage stated in the Coverage Overview. The Limits of Coverage apply on an **occurrence** basis. Certain coverages are also subject to aggregate limits.

V. LIMITS NOT CUMULATIVE

For all coverages provided in this Coverage Document, regardless of the number of years this document is in force, or the number of contributions paid or any other circumstances whatsoever, MMRMA's liability under this Coverage Document with respect to any loss will not be cumulative from year to year or from period to period and will not exceed the limits of coverage stated in the Coverage Overview.



**SECTION 7**

**Blanket Employee Fidelity and  
Faithful Performance Coverage  
and Subjects of Coverage**

**SECTION 7**  
**BLANKET EMPLOYEE FIDELITY AND FAITHFUL PERFORMANCE COVERAGE AND**  
**SUBJECTS OF COVERAGE**

A. COVERAGE AND LIMITS

1. MMRMA will pay for a loss the Member incurs for each Subject of Coverage only when a Limit of Coverage for Blanket Employee Fidelity is stated in the Coverage Overview. Faithful Performance is limited to statutory required limits by official title or position. The Limit of Coverage applies on an **occurrence** basis, regardless of the period of time involved in the **occurrence**. The loss of **money**, **securities**, or other property owned by the Member, or for which the Member is legally liable, or held by the Member in any capacity whether or not the Member is legally liable must occur within the period of MMRMA membership.
2. This coverage applies in the United States of America, Canada, and the territories or possessions of the United States of America.

B. SUBJECTS OF COVERAGE

1. Blanket Employee Fidelity and Faithful Performance
  - a. Blanket Employee Fidelity and Faithful Performance means loss of **money**, **securities** or other personal property resulting from any fraudulent or dishonest acts committed by the Member's employees, whether acting alone or in collusion with others, and shall also mean the loss of **money**, **securities** and other property resulting from the failure of any employee, acting alone or in collusion with others, to perform faithfully his or her duties or to account properly for all **money**, **securities** and property received by virtue of his or her position or employment during the period of employment with the Member. Faithful Performance is limited to statutory required limits by official title or position. Employee means any person who performs official duties on behalf of the Member municipal corporation, is compensated directly by the Member, and is subject to the Member's direction and control. It also means all volunteers, elected officials, and members of the governing body, and any person appointed by the Member to any boards or commissions of the Member. It includes all present and former employees. It does not include any other person or employees of independent contractors.
  - b. Coverage is not provided for any loss:
    - (1) Caused by any employee if any of the Member's officials or officers, but not those in collusion with the employee, had knowledge of any fraudulent or dishonest act ever committed by the employee;
    - (2) Caused by any employee who caused any fidelity or crime coverage the Member had to be canceled by specific written notice before this coverage went into effect. If that employee was not reinstated under the Member's earlier fidelity or crime coverage, MMRMA will not include that employee in this coverage;

- (3) Due to shortage disclosed on taking inventory or unexplained or mysterious disappearance. This does not apply to loss of **money, securities** or other property if the Member can prove, through evidence wholly apart from the inventory, that loss was caused by any fraudulent or dishonest act committed by an employee.

2. **Money orders and counterfeit paper currency**

**Money orders and counterfeit paper currency** means loss resulting from the acceptance in good faith by the Member's employee of any post office or express **money** order in exchange for merchandise, **money**, or services; or counterfeit United States or Canadian currency only.

3. Depositor's forgery

- a. Depositor's forgery means loss resulting from forgery or alteration of any check, draft, promissory note, bill of exchange or similar promises of payment that the Member's employee issued or appeared to have issued.
- b. If the Member refuses to honor a check, draft, promissory note, bill of exchange, or similar order for payment because it may have been forged or altered, MMRMA will pay reasonable legal expense if someone sues the Member for payment. But, MMRMA must give prior written consent to defend the suit; and the maximum legal expense is 50% of the limits of coverage for Blanket Employee Fidelity stated in the Coverage Overview.

## C. VALUATION

Loss of **money, securities** or other property will be valued as follows:

1. **Money**

- a. MMRMA will pay the cost to replace the **money**. But, if the loss occurs before the **money** has been counted and recorded by the Member, payment will not exceed the amount that is reasonably estimated and satisfactory to MMRMA.

2. **Securities**

- a. MMRMA will pay the **actual cash value** of the **securities** at the end of the last business day before the loss is discovered or the actual cost of replacing the **securities**, whichever is less. MMRMA will not pay for the loss of income, interest or dividends that occurs as a result of a covered loss.

3. All other property

- a. MMRMA will pay the **actual cash value** of the personal property on the day the loss is discovered not exceeding what it would then cost to repair or replace the property with material of like kind and quality.

4. Currency

All valuations, limits of coverage, self-insured retentions, and deductibles are in U.S. currency. If MMRMA must make payments or valuations in other than U.S. currency, such payments or valuations shall be at the official exchange rate on the day the payment or valuation is made.

5. Deductible

A deductible amount applies, as well as a self-insured retention amount if applicable, as shown in the Coverage Overview. MMRMA will pay the amount of loss in excess of these amounts. These amounts will apply separately to each **occurrence** and shall be in addition to any other such amounts required of or paid by the member for any other coverage or any other protection provided by MMRMA to the Member.

D. CLAIMS AND OTHER PROVISIONS

1. In the event of an **occurrence** or claim, the Member must provide MMRMA:

- a. Written notice of any loss at the earliest practicable moment after discovery of the loss; and
- b. Proof of loss with full details within 120 days after the loss is discovered.

2. Discovery period

Any loss which is discovered later than one year following termination of the Member's membership is excluded from coverage.

3. Loss sustained prior to effective date

- a. If the Member was continuously insured by an insurance policy or similar protection prior to the effective date of this Coverage Document providing the same coverage as herein, but cannot recover on a loss because the insurance provided is insolvent, MMRMA will cover the Member's loss provided:

- (1) This coverage would have covered the Member's loss had it been in effect at the time the acts that caused the loss occurred; and
- (2) The Member discovered the loss within the Member's dates of membership.

- b. MMRMA will not pay more than the Limit of Coverage for Blanket Employee Fidelity stated in the Coverage Overview or under the prior policy whichever is less.

4. Recoveries

- a. If the Member sustains a loss greater than the Limit of Coverage for Blanket Employee Fidelity stated in the Coverage Overview, all recoveries MMRMA makes on account of the loss, less the actual cost of recovery, will be returned to the Member, to the extent of the Member's uncovered loss including the deductible, and self-insured retention if applicable.

5. **Other insurance protection**

- a. The Member may have other insurance or protection or another source of reimbursement for the Member's loss. If true, MMRMA will pay the Member's loss in excess of the other insurance or protection, subject to the Limits of Coverage for employee fidelity stated in the Coverage Overview.

6. Loss Recovery Proceedings, Disputes

- a. Proceedings for recovery of any loss by any person other than the Member must be brought within two years of the discovery of the loss. If any limitation stated herein is prohibited by any law, the limitation is amended to be equal to the minimum limitation permitted by such law.
- b. Any dispute between the Member and MMRMA shall be resolved in the manner stated in the Joint Powers Agreement and MMRMA Rules.
- c. All losses resulting from an actual or attempted fraudulent or dishonest act or series of related acts whether committed by one or more persons are one **occurrence** regardless of the number of years this Coverage Document continues in force and the number of contributions paid or any other circumstances whatsoever, MMRMA's liability under this Coverage Document will not be cumulative from year to year or from period to period.

**SECTION 8**

**Earthquake or Flood Coverage  
and Limits of Coverage**

**SECTION 8  
EARTHQUAKE OR FLOOD COVERAGE AND  
LIMITS OF COVERAGE**

A. EARTHQUAKE OR FLOOD COVERAGE, PROCEDURES, EXCLUSIONS

1. Earthquake or flood coverage shall be a separate and distinct coverage from any other coverages provided to the Member by MMRMA. The provisions of Section 8 shall be controlling unless, and only if, specific sections of this Coverage Document are made applicable to earthquake or flood coverage.
2. The definitions in Section 10 of this Coverage Document shall apply to earthquake or flood coverage.
3. The Member Duties and Other Procedures stated in Section 6 of this Coverage Document shall apply to earthquake and flood coverage.
4. The deductibles and retention for property and crime, if any, stated in the Coverage Overview shall apply to earthquake or flood coverage in the same manner as they apply to any other property or crime coverage. Earthquake or flood are the only covered causes of loss.

B. LIMITS OF COVERAGE

1. Earthquake
  - a. Earthquake means a shaking, movement, or trembling of the earth that is volcanic or tectonic in origin. Any earthquake or series of earthquakes within a 72 hour period will be considered as one **occurrence** and deemed to have occurred at the time of the first earthquake.
  - b. The most MMRMA will pay, per **occurrence**, per Member, for any loss to covered property, as defined in Section 2 only of this Coverage Document caused directly by an earthquake is the actual loss up to the limit of coverage for earthquake stated in the Coverage Overview.
  - c. Earthquake payments are further limited by the program earthquake aggregate loss limit, per **occurrence**, stated in the limits of coverage in the Coverage Overview. If covered losses by all Members exceed said aggregate loss limit, the most MMRMA will pay is said aggregate loss limit. The aggregate loss limit shall apply for all losses occurring in a July 1 - June 30 calendar year. Each Member will share in said aggregate loss limit in the same percentage that the Member's covered loss is of the total covered losses of all Members. Member means that term as defined in the Joint Powers Agreement.
2. Flood
  - a. Flood means a raising and overflowing of a body of water, or the breaking of the boundaries of a body of water, whether driven by wind or not, such as a river, stream, lake, or reservoir onto normally dry land. Flood does not include water loss or water damage from any other cause or source. Flood coverage is not provided to Member's property any part of which is in a 100 year flood zone as determined by the Federal Emergency Management Agency.

- b. The most MMRMA will pay, per **occurrence**, per Member, for any loss caused directly by a flood to covered property as defined in Section 2 only of this Coverage Document, is the actual loss up to the limit of coverage for flood stated in the Coverage Overview.
  
- c. Flood payments are further limited by the program flood aggregate loss limit, per **occurrence**, stated the Coverage Overview. If covered losses by all Members exceed said aggregate loss limit, then the most MMRMA will pay is said aggregate loss limit. The aggregate loss limit shall apply for all losses occurring in a July 1 - June 30 calendar year. Each Member will share in said aggregate loss limit in the same percentage that the Member's covered loss is of the total covered losses of all Members. Member means that term as defined in the Joint Powers Agreement.



**SECTION 9**

**Exclusions of Certified Acts  
and Other Acts of Terrorism  
with Limited Property  
Terrorism Coverage**

**SECTION 9  
EXCLUSION OF CERTIFIED ACTS AND OTHER ACTS OF TERRORISM WITH  
LIMITED PROPERTY TERRORISM COVERAGE**

**A. LIMITED PROPERTY TERRORISM COVERAGE AND PROCEDURES.**

1. Limited Property Terrorism Coverage shall be a separate and distinct coverage from any other coverage provided to the Members by MMRMA. The provisions of this section shall be controlling.
2. The definitions in Section 9 of the Property and Crime Coverage Document shall apply to Limited Property Terrorism Coverage.
3. The Member's Duties, and Other Procedures Relating to a Property, Income or Extra Expense Claim stated in Section 6 of the Property and Crime Coverage Document shall apply to Limited Property Terrorism Coverage.
4. The deductibles and retention for property and crime, if any, stated in the Coverage Overview shall apply to Limited Property Terrorism Coverage in the same manner as they apply to any other property coverage.

**B. DEFINITIONS**

1. "Certified Act of Terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the Federal Terrorism Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" include the following:
  - a. The act resulted in aggregate losses in excess of 5 million; and
  - b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
2. "Other Act of Terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure:
  - a. That is committed by an individual or individuals and appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion; and
  - b. That is not certified as a terrorist act pursuant to the Federal Terrorism Risk Insurance Act of 2002.

**C. EXCLUSIONS OF CERTIFIED ACTS AND OTHER ACTS OF TERRORISM**

Except as provided under Section D of this Section, MMRMA will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism" or an "other acts of terrorism". Such losses or damage is excluded regardless of any other cause of event that contributes concurrently or in any sequence to the loss.

#### D. LIMITED PROPERTY TERRORISM COVERAGE AND EXCLUSIONS

Limited Property Terrorism Coverage is extended to include direct physical loss or damage caused by or resulting from a “Certified Act of Terrorism” or an “Other Act of Terrorism,” but only as described and limited in provisions 1. through 4. Below:

1. This Limited Property Terrorism Coverage does not apply to any “Certified Act of Terrorism” or “Other Act of Terrorism” when one or both of the following are attributed to such act:
  - a. The Terrorism is carried out by means on the dispersal or applications of pathogenic or poisonous biological or chemical materials; or
  - b. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.
2. The exclusion of “Certified Acts of Terrorism” and “other Acts of Terrorism” in Section C of this Coverage does not apply to this Limited Property terrorism Coverage. But all other exclusions and all limitations applicable to the Property and Crime Coverage Document, including but not limited to the War and Military Action exclusion and the Nuclear Hazard exclusion, apply to loss or damage under this Limited Property Terrorism Coverage.
3. Regardless of the number of locations, items or types of property or coverage's involved, the most MMRMA will pay, per **occurrence**, under the Limited Property Terrorism Coverage for all loss or damage caused by or resulting from all incidents of “certified acts of terrorism” or “other acts of terrorism” is \$50,000,000. Multiple incidents of “certified acts of terrorism” and “other acts of terrorism” which occur within a 72-hour period and appear to be carried out in concert to have a related purpose or common leadership will be deemed to be one **occurrence** under this Limited Property Terrorism Coverage. This limit is part of, and does not increase the Limits of Coverage stated in this Coverage Overview.

**SECTION 10**

**Definitions – All Coverages**

**SECTION 10**  
**DEFINITIONS - ALL COVERAGES**

- A. The following meanings shall apply to all coverages in this Coverage Document.
1. **ACTS OR DECISIONS**  
means **acts or decisions** of any person, group, organization or governmental body, including the failure to act or decide.
  2. **ACTUAL CASH VALUE**  
means cost of replacing damaged or destroyed covered property with comparable new property minus depreciation and obsolescence.
  3. **MONEY**  
means currency, coins, bank notes, bullion, travelers checks, registered checks, and **money** held for sale.
  4. **NAMED CAUSE OF LOSS**  
means:
    - a. Aircraft or self-propelled missiles;
    - b. Explosion;
    - c. Fire or lightning;
    - d. Sprinkler leakage;
    - e. Mine subsidence;
    - f. Riot or civil commotion;
    - g. Sinkhole collapse;
    - h. Smoke;
    - i. Vandalism;
    - j. Vehicles;
    - k. Volcanic action; or
    - l. Wind or hail.
  5. **OPERATIONS**  
means the Member's operational activities as authorized by State or local law or practice occurring at or from the Member's premises prior to the loss.
  6. **PERIOD OF RESTORATION**  
means the period of time that begins with:
    - a. The date of the insured direct physical loss or damage by a covered cause of loss at the premises; or

- b. The date **operations** would have begun if the insured direct physical loss or damage had not occurred, when loss or damage to any of the following delays the start of **operations**:
  - (1) new buildings whether completed or under construction;
  - (2) alterations or additions to existing buildings; or
  - (3) machinery, equipment, supplies, or building materials used in the construction, alteration, or addition.
- c. **Period of restoration** may continue:
  - (1) until the Member's **operations** are returned to the condition that existed prior to the direct physical loss or damage, including:
    - (a) repairing, rebuilding, or replacing the property at a premises location on file with MMRMA;
    - (b) time required to repair or reconstruct the lost or damaged property to comply with the minimum standards of any law that:
      - (i) regulates the construction or repair of any property;
      - (ii) requires the tearing down of parts of any property not damaged by a **named cause of loss**; and
      - (iii) is in force at the time of loss; or
  - (2) even after this Coverage Document is terminated.

7. **PLANNING, DESIGN, MATERIALS OR MAINTENANCE**

means faulty, inadequate or defective:

- a. Planning, zoning, development, surveying, siting;
- b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- c. Materials used in repair, construction, renovations, remodeling, or maintenance;
- d. Of part or all of any property on or off the premises.

8. **POLLUTANTS**

means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste, perfluoroalkyl or polyfluoroalkyl substances, and any unhealthy or hazardous building materials (including but not limited to asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned, or reclaimed. Pollutants also includes electromagnetic fields, lead, lead paint, radon, chlorofluorocarbons, organisms or microorganisms including bacteria, fungus, molds, or their spores or products, viruses, or other pathogens.

9. **REPLACEMENT COST**  
means the actual cost to repair or replace damaged or lost covered property with property of similar quality, value, utility, and usage. There is no deduction for depreciation or obsolescence.
10. **REAL ESTATE**  
means land and anything permanently affixed to it such as buildings.
11. **SECURITIES**  
means:
- a. All instruments or contracts that represent either **money** or other property held by the Member in any capacity; or
  - b. Personal property of others that the Member holds as a pledge or as collateral for a loan.
12. **OCCURRENCE**  
means an event, or a continuous or repeated exposure to substantially the same general conditions, first taking place or commencing within the period of Membership, which causes damages.
13. **AGREED AMOUNT**  
means the value of the property to which the Member and MMRMA agree. The **agreed amount** will be paid in the event of a total loss and partial losses will be paid on a repair or replacement basis not to exceed the **agreed amount**.

**END OF PROPERTY AND CRIME COVERAGE DOCUMENT**





## **MICHIGAN MUNICIPAL RISK MANAGEMENT AUTHORITY DATA BREACH AND PRIVACY LIABILITY COVERAGE DOCUMENT**

This Coverage Document pertains to the network and information security liability, media injury liability, network security loss, breach mitigation expense, PCI Assessments, social engineering loss, reward coverage, telecommunications fraud reimbursement, and extortion coverage afforded to **Members** of Michigan Municipal Risk Management Authority (hereinafter MMRMA). This Coverage Document is authorized by the Joint Powers Agreement. It is subject to and limited by all of the terms and conditions contained in the Joint Powers Agreement, MMRMA rules, and MMRMA administrative procedures. Please read the entire Coverage Document carefully to determine your rights and duties and what coverage is and is not provided. If you have any questions concerning coverage, please contact MMRMA.

Certain words, phrases, and subjects of coverage have special meanings. They are defined when they first appear in the text or in the “definitions” section and should be read carefully.

When the term “MMRMA” is used throughout this document it means Michigan Municipal Risk Management Authority. The terms “You” or “Your” mean a municipal corporation, as defined in MCL 124.1, that has joined Michigan Municipal Risk Management Authority.

WITH REGARD TO COVERAGES A, AND B, THIS IS A CLAIMS MADE AND REPORTED COVERAGE DOCUMENT. PLEASE READ IT CAREFULLY.

UNLESS INDICATED ELSEWHERE IN THIS COVERAGE DOCUMENT, THE COVERAGE PROVIDED BY THIS COVERAGE DOCUMENT IS INDEPENDENT OF ANY OTHER COVERAGE OFFERED BY MMRMA AND IS NOT TO BE READ IN CONJUNCTION WITH ANY OTHER COVERAGE DOCUMENT. THEREFORE, LOSSES COVERED UNDER THIS DOCUMENT ARE EXCLUDED UNDER THE LIABILITY AND MOTOR VEHICLE PHYSICAL DAMAGE COVERAGE DOCUMENT, THE PROPERTY AND CRIME COVERAGE DOCUMENT, AND THE SPECIALIZED EMERGENCY RESPONSE EXPENSE RECOVERY COVERAGE DOCUMENT. UNLESS INDICATED ELSEWHERE IN THIS COVERAGE DOCUMENT, THIS COVERAGE DOCUMENT CONTAINS DEFINITIONS, COVERING AGREEMENTS, CONDITIONS AND EXCLUSIONS NOT CONTAINED, OR DIFFERENT THAN THOSE, IN THE OTHER MMRMA COVERAGE DOCUMENTS.

**SECTION 1**

**Subjects of Coverage**

## MICHIGAN MUNICIPAL RISK MANAGEMENT AUTHORITY DATA BREACH AND PRIVACY LIABILITY COVERAGE DOCUMENT

**Claims Made and Reported Coverage:** With regard to Coverage A and B, the coverage afforded by this Coverage Document is limited to liability for only those claims that are first made against the **Member** during the **coverage period** and reported to MMRMA during the **coverage period** or the Extended Reporting Period.

**Notice:** This Coverage Document contains provisions that reduce the limits of liability stated in the Coverage Document by the costs of legal defense and permit legal defense costs to be applied against the deductible. Please read the Coverage Document carefully.

### SECTION 1

#### SUBJECTS OF COVERAGE

**A. Coverage A – Network and Information Security Liability – Claims Made and Reported Coverage**

MMRMA shall pay, on behalf of the **Member**, all monies:

1. In excess of the deductible stated in the Coverage Overview - Table III;
2. Which the **Member** shall become legally obligated to pay as **damages** and **regulatory fines**, both of which are a result of a **claim** first made against the **Member** during the **coverage period** or the Extended Reporting Period, if applicable;
3. Reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provision; and
4. Which result directly from an **unauthorized access, potential unauthorized access, social engineering incident, or unintentional data compromise**; provided the **unauthorized access, social engineering incident, unintentional data compromise, or the discovery of the potential unauthorized access**:
  - a. Happens on or after the Retroactive Date stated in the Coverage Overview Table - III and before the end of the **coverage period**; and
  - b. Prior to the effective date of the first continuous coverage of this Subject of Coverage with MMRMA, **the Member** had no knowledge of such **unauthorized access, potential unauthorized access, social engineering incident, or unintentional data compromise**.

Any payment made under Coverage A shall be included in the Member Aggregate Limit of Liability stated in the Coverage Overview Table III.

**B. Coverage B – Media Injury Liability – Claims Made and Reported Coverage**

MMRMA shall pay, on behalf of the **Member**, all monies:

1. In excess of the deductible stated in the Coverage Overview - Table III;
2. Which the **Member** shall become legally obligated to pay as **damages** which are a result of a claim first made against the Member during the **coverage period** and reported to MMRMA during the **coverage period** or the Extended Reporting Period, if applicable;
3. Reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provision; and
4. Which result directly from a **media injury**; provided the **media injury**:
  - a. Happens on or after the Retroactive Date stated in the Coverage Overview - Table III and before the end of the **coverage period**: and
  - b. Prior to the effective date of the first continuous **coverage** of this Subject of Coverage with MMRMA, the **Member** had no knowledge of such **media injury**.

Any payment made under this Coverage B shall be included in the Member Aggregate Limit of Liability stated in the Coverage Overview Table III.

**C. Coverage C – Network Security Loss – Occurrence Coverage:**

MMRMA shall indemnify the **Member** for the amount of **loss**, other than **extortion loss**, which:

1. Is in excess of the deductible stated in the Coverage Overview – Table III;
2. Results directly from an **unauthorized access** or **potential unauthorized access** which occurs during the **coverage period**;
3. Is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provision; and
4. Prior to the effective date of the first continuous coverage of this Subject of Coverage with MMRMA, the **Member** had no knowledge of such **unauthorized access** or **potential unauthorized access**.

**Unauthorized access** or **potential unauthorized access** includes any continuation, change or resumption of such **unauthorized access** or **potential unauthorized access** after the end of the **coverage period**; and

MMRMA shall indemnify the **Member** for the amount of **business interruption loss**:

1. Sustained subsequent to the Retention Period stated in the Coverage Overview – Table III;
2. Which results directly from an **unauthorized access** or **voluntary shutdown** which occurs during the **coverage period**;
3. Is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provision; and

- 4.. Prior to the effective date of the first continuous coverage of this Subject of Coverage with MMRMA, the **Member** had no knowledge of such **unauthorized access** or **potential unauthorized access**.

**Unauthorized access** includes any continuation, change or resumption of such **unauthorized access** after the end of the **coverage period**.

All **business interruption loss** that arise out of the same **unauthorized access** or out of **interrelated unauthorized accesses** shall be deemed to be a single **business interruption event** first occurring in the earliest **coverage period** in which the earliest of such **unauthorized access** or **voluntary shutdown** is deemed to have occurred, and shall be subject to the terms and conditions, including applicable deductibles and Limits of Liability of such **coverage period**; however, a separate Retention Period as stated in the Coverage Overview – Table III shall apply to each such **business interruption event**.

Any payment made under Coverage C shall be included in the Member Aggregate Limit of Liability stated in the Coverage Overview Table III.

#### **D. Coverage D – Breach Mitigation Expense – Occurrence Coverage:**

1. MMRMA shall indemnify the **Member** for the amount of **breach mitigation expense** incurred with the prior written consent of MMRMA, which:
  - a. Results directly from an **unintentional data compromise**, the entirety of which occurs during the **coverage period**;
  - b. Is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provision, and
  - c. Prior to the effective date of the first continuous coverage of this Subject of Coverage with MMRMA, the **Member** had no knowledge of such **unintentional data compromise**.
2. With respect to any amount that MMRMA shall reimburse for costs actually incurred by the **Member** pursuant to this Subject of Coverage, if such expenses become part of a judgment, award or settlement subject to coverage under Coverage A. Network and Information Security Liability of Section I – Subjects of Coverage, such expenses shall not also be subject to reimbursement under this Subject of Coverage.

Any payment made under Coverage D shall be included in the Member Aggregate Limit of Liability stated in the Coverage Overview Table III.

#### **E. Coverage E – PCI Assessments – Occurrence Coverage**

MMRMA shall indemnify the **Member** for the amount of **PCI Assessments** which:

1. Is in excess of the Deductible stated in the Coverage Overview Table III;
2. Results directly from a **payment card breach** which occurs during the **coverage period**;
3. Is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provisions; and
4. Prior to the effective date of the first continuous coverage of this Subject of Coverage with MMRMA, the Member had no knowledge of such **payment card breach**.

**Payment Card Breach** includes any continuation, change or resumption of that **Payment Card Breach** after the end of the **Coverage Period**.

Any payment made under Coverage E shall be included in the Member Aggregate Limit of Liability stated in the Coverage Overview Table III.

**F. Coverage F – Social Engineering Loss – Occurrence Coverage:**

MMRMA shall indemnify the **Member** for the amount of **social engineering loss** which:

1. Is in excess of the Deductible stated in the Coverage Overview Table III;
2. Results directly from a **social engineering incident** which occurs during the **coverage period**;
3. Is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provision; and
4. Prior to the effective date of the first continuous coverage of this Subject of Coverage with MMRMA, the **Member** had no knowledge of such **social engineering incident**.

Any payment made under Coverage F shall be included in the Member Aggregate Limit of Liability stated in the Coverage Overview Table III.

**G. Coverage G – Reward Coverage – Occurrence Coverage**

1. MMRMA shall reimburse the **Member** for the actual payment of a reward offered for information leading to the arrest and conviction of persons responsible for crimes committed against the **Member** and only when the person responsible is convicted of the crime related to an otherwise covered **coverage event**.
2. Reimbursement will be subject to maximum of 50% of the covered **claim** or **loss** up to maximum payment of the Reward Coverage Limit of Liability stated in the Coverage Overview – Table III per **coverage period**, or the Extended Reporting Period, if applicable.
3. The **Member** shall give MMRMA written proof of a reward as soon as practicable, but no later than 60 days after incurring such reward.

However, payments under Coverage G, Reward Coverage shall not include any **loss**, costs or expenses associated with a **social engineering incident**.

Any payment made under this Coverage G, Reward Coverage shall be included in the Member Aggregate Limit of Liability stated in the Coverage Overview Table III and shall not be subject to the Deductible

**H. Coverage H - Telecommunications and Fraud Reimbursement – Occurrence Coverage**

1. MMRMA shall pay, on behalf of the **Member**, for charges incurred for unauthorized calls resulting from intentional, unauthorized, and fraudulent gaining of access to outgoing telephone service through intrusion of the **Member's** telephone system, which:
  - a. Occurs during the **coverage period**; and
  - b. Is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provisions; and

- c. Prior to the effective date of the first continuous coverage of this Subject of Coverage, the Member had no knowledge of such unauthorized calls.

However, payments under Coverage H. Telecommunications Fraud Reimbursement shall not include any **loss**, costs or expenses associated with a **social engineering incident** or caused or contributed to by any fraudulent, dishonest, or criminal act committed by any person who is a **Member** at the time of the access, whether acting alone or in collusion with others.

2. MMRMA shall pay, on behalf of the **Member**, for all loss resulting under Coverage H. Telecommunications Fraud Reimbursement up to the Telecommunications Fraud Limit of Liability stated in the Coverage Overview – Table III.

Any payment made under Coverage H. Telecommunications Fraud Reimbursement shall be included in the Member Aggregate Limit of Liability stated in the Coverage Overview Table III and shall not be subject to the Deductible.

#### **I. Coverage I - Extortion Coverage – Occurrence Coverage**

MMRMA shall pay, on behalf of the **Member**, **Extortion Loss** in response to an **Extortion Demand** which:

1. Occurs during the **coverage period**; and
2. Is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provisions; and
3. Prior to the effective date of the first continuous coverage of this Subject of Coverage, the **Member** had no knowledge of such **Extortion Demand**.

However, payments under Coverage I. Extortion Coverage shall not include any loss, costs or expenses associated with a **social engineering incident** or **loss** caused or contributed to by any fraudulent, dishonest, or criminal act committed by any person who is a **Member** at the time of **Extortion Demand**.

Any payment made under Coverage I. Extortion Coverage shall be included in the Member Aggregate Limit of Liability stated in the Coverage Overview Table III.

The Member shall use your best efforts at all times to ensure that knowledge regarding the existence of this Coverage for **extortion loss** is kept confidential.

## SECTION 2

### Definitions



## SECTION 2

### DEFINITIONS

**A. AUTHORITY** means any agency of:

1. A federal, state, or local government of the United States of America, its territories or possessions, or Puerto Rico;
2. A federal, provincial, or local government of the United Kingdom, Canada, and other commonwealth nations; or
3. The government of the European Union (EU) or any member nation; any of which is charged with the administration or enforcement of laws or regulations relating to the use, transfer, or storage of electronic communications or data storage systems.

**B. BODILY INJURY** means **bodily injury**, sickness, or disease sustained by a person, including death resulting from any of these; however, **bodily injury** does not include humiliation or the infliction of emotional distress arising solely from **media injury**.

**C. BREACH MITIGATION EXPENSE** means reasonable and necessary expenses incurred with the prior written consent of MMRMA for:

1. The services of a public relations professional, or other publicity expenses that are recommended by a public relations professional, to respond to any adverse publicity in the media that is the result of an **unauthorized access, potential unauthorized access, or unintentional data compromise**;
2. Expenses, including but not limited to notification and call center costs and related legal fees, that are incurred to comply with a **security breach notice law** and that are the result of an actual or reasonably suspected **unauthorized access, potential unauthorized access**; or **unintentional data compromise**;
3. Expenses associated with voluntarily providing notifications, credit monitoring services, identity restoration services, or credit repair services to individuals affected by an actual or reasonably suspected **unauthorized access, potential unauthorized access, or unintentional data compromise**;
4. Expenses associated with the services of a data security expert, data breach coach, or consultant that are incurred in response to an **unauthorized access, potential unauthorized access, unintentional data compromise, or extortion demand**;

However, **breach mitigation expense** shall not include **PCI Assessments** or the salary, wages, overhead, or benefit expenses of or associated with **employees** or officials of the **Member** or **employees** or officials of MMRMA.

**D. BUSINESS INCOME** means:

1. The net profit or loss before income taxes that the **Member** would have earned or incurred per hour during a **business interruption event**, based on the average, hourly gross profit or loss the **Member** has generated in the 12 months prior to inception of the business interruption loss; added to
2. The **Member's** fixed operating expenses, including payroll, incurred per hour during a **business interruption event**, but only to the extent that such operating expenses must

necessarily continue during the **business interruption event** and such expenses would have been incurred by the **Member** had such **business interruption event** not occurred.

- E. BUSINESS INTERRUPTION EVENT** means the actual and necessary interruption to or degradation in the availability of the **Member's electronic communications system** resulting in a **business interruption loss**.

However, **business interruption event** shall not include any business interruption due to or caused by any cause other than an **unauthorized access, voluntary shutdown, or extortion loss** including but not limited to any cause of loss causing physical damage to real or personal property owned, rented, leased or occupied by, or in the care, custody or control of the **Member**;

Any **business interruption event** will be deemed to end and **MMRMA's** reimbursement related to such **business interruption event** will stop at the hour either:

1. The interruption to or degradation in the availability of the **Member's electronic communications system** ceases or could have been restored with due diligence and dispatch; or
2. The **business interruption loss** ceases;

whichever occurs first, but not to exceed ninety (90) days.

- F. BUSINESS INTERRUPTION LOSS** means **business income** which is reduced by at least 25%; and such reduction in **business income**:

1. Lasts in excess of the Retention Period stated in the Coverage Overview – Table III; and
2. Is a direct result of an **unauthorized access, or voluntary shutdown**.

**Business Interruption Loss** shall not include:

1. **loss or social engineering loss**;
2. Reduction in revenue incurred as a result of unfavorable business conditions;
3. Reduction in revenue due to any other consequential loss; or
4. Costs or expenses incurred by the **Member** to identify and remove software program errors or vulnerabilities.

- G. CLAIM** means with regard to Coverage A. Network and Information Security Liability and B. Media Injury Liability of Section 1 – Subjects of Coverage only, the **Member's** receipt of:

1. A written demand for **damages**;
2. The service of civil suit or institution of arbitration proceedings against the **Member**;
3. A notice of a civil charge against the **Member** by any **authority** or any administrative proceeding initiated by an **authority** including any official investigation, conciliation meeting, or formal hearing; or
4. a **regulatory proceeding**,

all as a result of an **unauthorized access, potential unauthorized access, unintentional data compromise, or media injury**.

**H. CLAIM EXPENSES** means reasonable and necessary amounts incurred by MMRMA, or by the **Member** with the prior written consent of MMRMA, in the defense of that portion of any **claim** for which coverage is afforded under this Coverage Document, including costs of investigation, court costs, costs of bonds to release attachments, and similar bonds, but without any obligation of MMRMA to apply for or furnish any such bonds, and costs of appeals; however, **claim expenses** shall not include:

1. Salary, wages, overhead, or benefit expenses of or associated with **employees** or officials of the **Member** or **employees** or officials of MMRMA; or
2. Salary, wages, administration, overhead, benefit expenses, or charges of any kind attributable to any in-house counsel, or for any outside counsel (other than outside counsel in connection with the representation of the **Member** in the defense of a **claim**).

**I. COVERAGE EVENT** means **unauthorized access, potential unauthorized access, voluntary shutdown, media injury, unintentional data compromise, payment card breach, social engineering incident, or extortion demand**.

**J. COVERAGE PAYMENT** means **damages, regulatory fines, claim expenses, loss, business interruption loss, breach mitigation expense, PCI Assessments, social engineering loss, and extortion loss**. **Coverage payment** also includes any reimbursements under Coverage G. Reward Coverage and Coverage H. Telecommunications Fraud Reimbursement of Section 1 – Subjects of Coverage.

**K. COVERAGE PERIOD** means the period from the inception date of this Coverage Document to the expiration date of this Coverage Document as documented on the Coverage Overview or the effective date of any earlier cancellation or termination.

**L. COVERED CONTRACT**

means any agreement or contract, permissible by law, under which the **Member** assumes the tort liability only of another to pay **damages** to a third party to the extent caused by the **Member's** act, error or omission.

The contract or agreement must precede the **coverage event** and is subject to all of the terms and conditions of this Coverage Document, the Joint Powers Agreement, MMRMA rules and MMRMA administrative procedures.

A **covered contract** shall not:

1. indemnify any consultant, advisor, or other individual or entity providing professional services, including but not limited to, services of any architect, attorney, engineer, surveyor or other consultant or advisor;
2. indemnify any independent contractor or employee of any independent contractor;
3. indemnify any person for damage by fire to premises leased, rented, or loaned to the **Member**; or
4. guarantee promise or performance.

The limits of coverage for a **covered contract** shall be the lesser of the coverage limits stated in the **Member's** Coverage Overview or the minimum amount of coverage required, permitted, or stated in the **covered contract**.

- M. DAMAGES** means the monetary portion of any judgment, award, or settlement, including punitive or exemplary **damages** where insurable by law; however, **damages** shall not include:
1. Multiplied portions of **damages** in excess of actual **damages**, including trebling of **damages**;
  2. The cost of any modifications or changes to the **Member's** security measures, procedures, software, or hardware required or agreed to by the **Member** to satisfy a judgment, award, or settlement;
  3. Any cost required to repair, build, or modify property to comply with any award by a court, administrative order, arbitration award, or any similar judgment;
  4. Taxes, criminal or civil fines, attorneys' fees of a party other than a **Member**, and other penalties imposed by law;
  5. Sanctions;
  6. Matters which are uninsurable under the law pursuant to which this Coverage Document shall be construed;
  7. The return, withdrawal, reduction, or restitution or payment of any fees, profits, or charges for services or consideration or any expenses paid to the **Member**;
  8. **Regulatory fines**; or
  9. **PCI Assessments**.
- N. EMPLOYEE** means any person who performs official duties on behalf of the **Member** municipal corporation, is compensated directly by the **Member**, and is subject to the **Member's** direction and control. It also means all **volunteers**, elected officials, and members of the governing body of a **Member**, and any person officially appointed by the **Member** to any boards or commissions, or statutorily required offices. It includes all present and former **employees**. It does not include any other person, independent contractor, or employees of independent contractors.
- O. EXPLOITED VULNERABILITY INCIDENT** means a **coverage event** arising out of, based upon, or attributable to an exploitation of a software vulnerability or information security vulnerability where, on or prior to the date of such **coverage event**, such software or information security vulnerability:
1. was listed as a Common Vulnerability and Exposure with a CVSS Severity rating of 9.0 or greater in the National Vulnerability Database operated by the National Institute of Standards and Technology; and
  2. had a patch, fix, or mitigation technique available to the **Member**; and
  3. the **Member** had not applied such patch, fix or mitigation technique within ninety (90) days of it becoming available.
- P. EXTORTION DEMAND** means a credible threat or a demand, including but not limited to a threat or demand by ransomware, received by the **Member** threatening or portending loss, injury, or damage to:
1. The **Member's electronic communications system**, including programs, electronic data, and media, which form a part of the **Member's electronic communications system**; or

2. Money, securities, bonds, or similar financial instruments, solely to the extent that record of such is maintained in digital or electronic format on the **Member's electronic communications system**;

for the purpose of extorting money or other valuable consideration from the **Member** as a condition of mitigation or removal of such demand.

**Q. EXTORTION LOSS** means the reasonable and necessary payment of money or other valuable consideration by the **Member**, subject to prior written approval by MMRMA, in response to an **Extortion Demand**. **Extortion Loss** also includes reasonable and necessary:

1. **Forensic expense** and costs incurred by the **Member** to restore with due diligence and dispatch the Member's electronic communications system to the condition that existed prior to an **Extortion Demand**, including restoration or reinstallation of software applications, electronic data and media which form a part of the **Member's electronic communications system**;
2. **Extra expense** incurred by the **Member** in continuing the conduct of its business during the period from the time of the discovery of an **Extortion Demand** to the time the **Member's electronic communications system** is or can be restored with due diligence and dispatch to the condition that existed prior to an **Extortion Demand** to the extent that such expenses do not exceed the **income loss** which such expenses are incurred to reduce;
3. Subject to prior approval by MMRMA, expenses incurred by You to reduce loss under Coverage I - Extortion Coverage of Section 1 – Subjects of Coverage after an **Extortion Demand** has happened and to the extent that such expenses do not exceed the value of the loss which such expenses are incurred to reduce; or
4. Loss of money, securities, bonds, or similar financial instruments with monetary value which is incurred by the **Member** and which is proximately caused by the **Extortion Demand** committed by a person or group of persons, none of whom are a **Member** or an **employee**, having the intent to commit fraud, theft, or other dishonest act.
5. **Business Interruption Loss** caused by a **Business Interruption Event**.

**R. EXTRA EXPENSE** means reasonable and necessary expenses that the **Member** would not have incurred if there had not been a loss resulting from an **unauthorized access** or **voluntary shutdown** in order to reduce or avoid **business interruption loss**.

However, **extra expense** does not include:

1. costs or expenses for creating, developing, recovering or restoring electronic data (including trade secrets) or software; or
2. costs or expenses to replace, remediate or improve any computer, to identify or remove software program errors, malware, computer viruses or vulnerabilities, or to establish, implement or improve network and data security practices, procedures or policies.

**S. FORENSIC EXPENSE** means costs incurred by the **Member** to engage the services of a third party computer security expert to determine the existence and cause of any **unauthorized access** and determination of records that have been breached.

**T. INTERRELATED UNAUTHORIZED ACCESS** means one or more **unauthorized access(es)** or **voluntary shutdowns** that have as a common connection or nexus any fact, incident, circumstance, situation, or any computer security incident, intrusion, breach, compromise, theft, loss, or use of the **Member's electronic communications system**.

**U. LOSS** means reasonable and necessary:

1. **Forensic expense** and costs incurred by the **Member** to restore with due diligence and dispatch the **Member's electronic communications system** to the condition that existed prior to an **unauthorized access**, including restoration or reinstallation of software applications, electronic data and media which form a part of the **Member's electronic communications system**;
2. Solely with respect to Coverage C.2., for **business interruption loss, extra expense** incurred by the **Member** in continuing the conduct of its business during the period from the time of the discovery of an **unauthorized access** to the time the **Member's electronic communications system** is or can be restored with due diligence and dispatch to the condition that existed prior to an **unauthorized access** to the extent that such expenses do not exceed the **income loss** which such expenses are incurred to reduce;
3. Subject to prior approval by MMRMA, expenses incurred by the **Member** to reduce **loss** under Coverage C., Network Security Loss of Section 1 – Subjects of Coverage after an **unauthorized access** has happened and to the extent that such expenses do not exceed the value of the loss which such expenses are incurred to reduce; or
4. Loss of money, securities, bonds, or similar financial instruments with monetary value which is incurred by the **Member** and which is proximately caused by the **unauthorized access** or an **extortion demand** committed by a person or group of persons, none of whom are a **Member** or an **employee**, having the intent to commit fraud, theft, or other dishonest act.

However, **loss** shall not include:

- a. Any cost or charges associated with building, modifying, or upgrading the **Member's electronic communications system**, or any software, security measures, or procedures;
  - b. Any cost required to repair, build, or modify tangible property to comply with any award or order by a court, an **authority**, arbitration, or any similar proceeding;
  - c. Any loss of the **Member's** reputation or loss of customer confidence in the **Member** or the value imputed to such **loss**;
  - d. Expenses incurred by the **Member** in establishing the amount of any **loss** covered under this Coverage Document;
  - e. **Business interruption loss**;
  - f. **PCI Assessments**;
  - g. **Social engineering loss**; or
  - h. **Extortion Loss**.
- V. MEDIA CONTENT** means any electronic content including data, graphics, video, audio, images, digital or digitized materials which is displayed on the **Member's** public Website or on an external social media site for which the **Member** has the independent ability to remove, edit and control such electronic content. **Media content** does not include the actual goods, products or services which are the subject of displayed electronic information.

**W. MEDIA INJURY** means injury arising from any of the following:

1. Libel, slander, or defamation or any other form of disparagement;
  2. Invasion or infringement of the right of privacy or the right of publicity;
  3. Infringement of copyright, service mark, service name or trademark, title, trade dress, trade name, or slogan and unfair competition alleged in connection therewith;
  4. Plagiarism, piracy, or misappropriation of ideas under implied contract; or
  5. Infliction of emotional distress, mental anguish, false arrest, or malicious prosecution,
- resulting directly from the **Member's media content**.

**X. MEMBER** means a municipal corporation, as defined in the MCL 124.1 that has joined Michigan Municipal Risk Management Authority. **Member** also includes the following while acting within the scope of their official duties or operations the **Member's** behalf:

1. any former or present **employee**;
2. courts, including any past or present judge, magistrate, and court employee, if MMRMA has accepted the court prior to the **coverage event** or **loss** in question, in writing, for coverage;

except for housing authorities, all other authorities, boards, bureaus, or commissions and their past or present members and employees, provided that these entities are sub-units of You. Authorities, boards, bureaus, or commissions that are separate legal entities and all housing authorities may be provided coverage if MMRMA has, in writing, extended coverage prior to the **coverage event** or **loss** in question.

**Y. MEMBER'S ELECTRONIC COMMUNICATIONS SYSTEM** means:

1. Any wired, wireless, radio, electromagnetic, photo-optical, or photo-electronic facility for the transmission of electronic communications;
2. Any electronic data processing system, network, or related electronic equipment for the storage of such communications; and
3. Any computer,

that is operated by and leased or owned by the **Member**.

**Z. PAYMENT CARD BREACH** means an actual or reasonably suspected unintentional disclosure of payment card data stored or processed by the **Member** including disclosure caused by an **unauthorized access**.

**AA. PCI ASSESSMENTS** means amounts assessed against the **Member** by any payment card company:

1. To recover actual costs incurred by a payment card company, issuing bank or acquiring bank to replace credit cards or debit cards, the numbers of which have been compromised by a **payment card breach**;
2. To refund fraudulent charges which resulted from a **payment card breach** whether incurred by a cardholder, an issuing bank or an acquiring bank or to pay reasonable costs assessed by the payment card company, issuing bank or acquiring bank as audit costs; or

3. Any fines or penalties or amounts voluntarily agreed to by the **Member**, with MMRMA's prior written consent, such consent shall not to be unreasonably withheld, for an actual or alleged violation of the Payment Card Industry Data Security Standard.

However, **PCI Assessments** shall not include **breach mitigation expense**.

**BB. POLLUTANTS** mean any solid, liquid, gaseous, fuel, lubricant, thermal, acoustic, electrical, or magnetic irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, fibers, radiation, acid, alkalis, petroleums, chemicals, or waste. Waste includes medical waste and all other materials to be disposed of, recycled, stored, reconditioned, or reclaimed.

**CC. POTENTIAL UNAUTHORIZED ACCESS** means the threat of an **unauthorized access** to the **Member's electronic communications system**.

However, potential unauthorized access shall not mean **social engineering incident**.

**DD. PRIVATE DATA** means data containing:

1. An individual's drivers license or other state-issued identification number; social security number; unpublished telephone number; savings account, checking account, credit card or debit card number, each when in combination with the security code, access code, password, or pin for such account or card number;
2. Nonpublic personal information as defined in the Gramm-Leach Bliley Act of 1999, as amended, and regulations issued pursuant thereto;
3. Protected healthcare information as defined in the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended, and regulations issued pursuant thereto, and medical and healthcare information;
4. Private personal information as defined under a **security breach notice law**;
5. Private personal information as defined under the law of a country other than the United States, which law is intended to provide for the protection of such private personal information; or
6. Commercial information subject to provisions of a non-disclosure agreement or a contractual warranty relating to the confidentiality of such information in a written contract in place prior to an **unintentional data compromise**;

not including any lawfully available data accessible by the general public.

**EE. PROPERTY DAMAGE** means physical injury to tangible property, including all resulting loss of use of that property or loss of use of tangible property that is not physically injured other than covered **social engineering loss**; however, damage to, corruption of or inability to access data, software, and computer networks shall not be considered to be loss of use of tangible property.

**FF. REGULATORY FINES** means civil fines and penalties assessed against the **Member** by an **authority** as a result of a **regulatory proceeding** under Coverage A. Network and Information Security Liability of Section 1 Subjects of Coverage.

**GG. REGULATORY PROCEEDING** means a formal hearing, official investigation, examination, inquiry, legal action or any other similar civil proceeding initiated by an **authority** against the **Member** as the result of an **unintentional data compromise**.



**HH. SECURITY BREACH NOTICE LAW** means any law, statute, or regulation within the United States of America, its territories or possessions, Puerto Rico, or Canada requiring You to notify individuals of the compromise or possible compromise of the security of their confidential information in Your care, custody, or control and the European Union (EU) Data Protection Act of 1995; and General Data Protection Regulation.

**II. SOCIAL ENGINEERING INCIDENT** means any priming, pre-texting, spoofing, or other fraudulent, manipulative or deceptive communication sent to a **Member** within the normal course of the **Member's** business operations resulting in **social engineering loss**. However, **social engineering incident** shall not mean **unauthorized access** or **extortion loss**.

**JJ. SOCIAL ENGINEERING LOSS** means:

1. The loss of money, securities, bonds or similar financial instruments with monetary value which is incurred by the **Member**;
2. The actual cost of loss of tangible property with pecuniary value which is incurred by the **Member**;
3. Theft or misdirection of funds held in escrow or trust; or
4. Theft of funds of any **Member**;

due to transfer by the **Member** in reliance upon a fraudulent or deceptive instruction. However, **social engineering loss** shall not mean:

- a. indirect or consequential losses; or
- b. a transfer which occurs without the **Member** first verifying the details of the instruction:
  - i with a person other than the person providing the instruction, using a telephone number previously on file for authentication; or
  - ii with a person other than the person providing the instruction, using an email address with a recognized company domain and previously on file for authentication; or
  - iii using a unique authentication code, password, or security question.

**KK. UNAUTHORIZED ACCESS** means a breach of the **Member's electronic communications system**, including:

1. Any intentional violation, interception, or use or misuse of the **Member's electronic communications system**, whether or not for profit or gain, by any person, without the permission, knowledge, or ratification of the **Member**;
2. Access to **the Member's electronic communications system** that is with the **Member's** permission, where such permission is the result of fraud or deception, including phishing scams;
3. Use of the **Member's electronic communications system** by a party, including but not limited to a rogue **employee**, authorized by the **Member** to use such system, who does so for an unauthorized purpose;
4. The introduction of viruses, malware, or other programs into the **Member's electronic communications system** which contain fraudulent or destructive instructions or code, including any inadvertent transmission of such programs to a third party;

5. Failure to prevent a denial of service attack on the **Member's electronic communications system** or to prevent the use of the **Member's electronic communications system** by an unauthorized user or code to launch a denial of service attack on a third party.

**LL. UNINTENTIONAL DATA COMPROMISE** means:

1. Any computer security incident, intrusion, breach, compromise, theft, loss or misuse of **private data** maintained by the **Member**, including the theft or loss of any paper records;
2. The failure of any third party to prevent the unauthorized viewing, copying or distribution of **private data** which the **Member** has entrusted to such party under a written contract or agreement executed prior to such failure, that specifically requires such party to protect the confidentiality of the **private data** so entrusted; or
3. Unintentional breach of the **Member's** written privacy policy.

**MM. VOLUNTARY SHUTDOWN** means the **Member's** reasonable and necessary intentional shutdown of the **Member's Electronic Communications System**, with the prior approval of MMRMA, to minimize the economic impact of an **unauthorized access or potential unauthorized access**. Where MMRMA's prior approval cannot feasibly be obtained prior to the shutdown, it is a condition precedent to coverage that MMRMA's written approval, which is in MMRMA's sole discretion, is obtained no later than the end of the next business day after the shutdown occurs.

**NN. VOLUNTEER** means any individual who performs hours of service on behalf of the **Member** without promise, expectation, or receipt of compensation provided:

1. Activity is less than full time; and
2. Services are not offered as a result of coercion.

**SECTION 3**

**Exclusions**

## SECTION 3

### EXCLUSIONS

- A. With respect to all Subjects of Coverage, this Coverage Document does not apply to any **coverage event** or **coverage payment**:
1. Caused by access to the **Member's electronic communications system** which is attributed by the government of the United States of America to any government, governmental agency or sub-agency, or any agents thereof while acting on behalf of such entity;
  2. Based upon or arising out of, in connection with, or in any way involving:
    - a. strikes, riots or similar labor action;
    - b. war or war-like operations (whether war is declared or not);
    - c. acts by, on behalf of, or in support of a sovereign state;
    - d. civil war, invasion or hostilities, mutiny, popular or military uprising, insurrection, rebellion, revolution, military or usurped power;
    - e. the confiscation, nationalization or destruction of, or damage to property, including software and data, under the order of government or other public **authority**; or
    - f. any action taken to hinder or defend against any of a. through e. above, whether physical or involving use of any computer system.
  3. Based upon or arising out of, or in any way involving **bodily injury**;
  4. Based upon or arising out of, or in any way involving **property damage**; however, this exclusion shall not apply to damage to, corruption of or inability to access electronic data, software and computer networks arising solely from an **unauthorized access, potential unauthorized access, social engineering incident, extortion demand** or **media injury**;
  5. For **Damages** which the **Member** is obligated to pay by reason of:
    - a. breach of contract;
    - b. performance, promise, or guaranty obligations incurred or assumed in a contract or agreement; or
    - c. an assumption of liability in a contract or agreement.

This exclusion applies to both express and implied contracts or agreements. **Damages** based upon quasi-contractual theories, including but not limited to unjust enrichment and quantum merit recovery, are also excluded.

This exclusion does not apply to liability:

    - a. assumed in a **covered contract**, or

- b. that the **Member** would have in the absence of the contract or agreement, whether express or implied.
6. Based upon or arising out of, or in any way involving:
- a. Any warranties or guarantees, express, implied or otherwise, or any cost estimates; however, this exclusion shall not apply to any liability that the **Member** would have in the absence of such warranty or guarantee;
  - b. Any conversion, misappropriation, commingling of or defalcation of funds or property; however, this exclusion shall not apply to **loss** or **social engineering loss**;
  - c. Any inability or failure of any party to pay or collect monies; however, this exclusion shall not apply to inability or failure to pay or collect monies resulting directly from **unauthorized access** or **social engineering incident**;
  - d. Infringement or inducement of infringement of patent or trade secret; or
  - e. An act, error or omission in the performance of professional services rendered or that should have been rendered by the **Member** or by any person or organization for whose acts, errors or omissions the **Member** is legally responsible;
7. Based upon, arising out of, or in any way involving:
- a. Any violation of any law, whether statutory, regulatory, or common law, respecting any of the following activities: antitrust, business competition, unfair trade practices, or tortious interference in another's business or contractual relationships; however, this exclusion shall not apply to a **regulatory proceeding** resulting directly from an **unauthorized access** or **unintentional data compromise**.
  - b. Conduct of the **Member** or at the **Member's** direction that is intentional, willful, dishonest, fraudulent, or that constitutes a willful violation of any statute or regulation; however, this exclusion shall not apply to:
    - 1. The strictly vicarious liability of any **Member** for the intentional, willful, dishonest, or fraudulent conduct of another **Member** or for the conduct of another **Member** that constitutes a willful violation of any statute or regulation; or
    - 2. **claim expenses** incurred until an allegation is determined through admission by the **Member** or final adjudication or binding arbitration to be intentional, willful, dishonest or fraudulent or a willful violation of any statute or regulation;
8. Based upon, arising out of, or in any way involving any: actual, alleged, or threatened discharge, dispersal, release, seepage, migration, or escape of **pollutants**, however or whenever caused, including:
- a. At or from any premises, site, or location which is or was at any time owned, leased, used, controlled, loaned to, or rented by or on behalf of the **Member**;
  - b. At or from any premises, site, or location which is or was at any time used by or for a **Member** or others for the handling, storage, disposal, processing, or treatment of waste;
  - c. Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for a **Member** or for any person or organization for whom a **Member** may be legally responsible;

- d. At or from any premises, site, or location on which a **Member** or any contractors or subcontractors working directly or indirectly on a **Member's** behalf are or had been performing operations
  - 1. if the **pollutants** are brought on or to the premises, site, or location in connection with such operations; or
  - 2. if the operations are or have been to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of **pollutants**.
- e. Any cost, **loss, damages, claim for damages**, or any lawsuit arising out of any directive, demand, or request, whether governmental, judicial, or otherwise, that the **Member** or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of **pollutants**;
- 9. Based upon or arising out of or in any way involving a **claim** brought by or on behalf of any **employee**, former **employee**, or prospective **employee** based upon, arising out of, or in any way involving the employment relationship or the nature, terms, or conditions of employment or any workplace tort;
- 10. Based upon or arising out of or in any way involving a claim brought by, in the name of, or on behalf of any **Member**; however, this exclusion shall not apply to any claim arising out of **unintentional data compromise** of the personal information of an **employee** which is in the **Member's** care, custody, or control;
- 11. Based upon, arising out of, or in any way involving the insolvency, receivership, bankruptcy, or liquidation of the **Member** or of any subsidiary thereof, whether or not included in the definition of **Member**;
- 12. Based upon or arising out of the **loss** of principal or investment earnings of any public funds or any fiduciary responsibility relating to public funds or to any employee benefits program;
- 13. Based upon or arising out of failure by a **Member** to fund adequately any program or public service, including but not limited to employee benefits programs;
- 14. Based upon or arising out of failure or inability to maintain or secure adequate or collectible insurance or similar coverage or protection;
- 15. Based upon or arising out of nuclear reaction or radiation or radioactive contamination or electromagnetic radiation, however or whenever caused;
- 16. For actual or alleged unlawful or unauthorized obtaining, gathering, collecting, acquiring or using personal information by a **Member**.
- 17. Based upon or arising out of actual or alleged violation of the CAN-SPAM Act or the Telephone Consumer Protection Act, any amendments thereto or any rules or regulations promulgated in connection therewith, or any similar provisions of any federal, state, foreign or local statutory law or common law anywhere in the world addressing the unsolicited distribution, transmission or dissemination of any communication;
- 18. Based upon or arising out of any electrical or mechanical failure, loss of power, heating or cooling, failure or interruption of service attributable to an Internet service provider, telecommunications provider, utility provider or other infrastructure provider;
- 19. Based upon or arising out of:

- a. any written demand, suit, regulatory investigation or other proceeding pending against, or order, decree or judgment entered for or against a **Member**, on or prior to the effective date of the first continuous coverage of this Subject of Coverage with MMRMA;
    - b. the same or related circumstances underlying or alleged in such demand, suit, investigation, proceeding, order, decree or judgment referenced in paragraph a, above;
  - 19. Based upon or arising out of any **Coverage Event** which has been reported and accepted under any other policy before the effective date of this Subject of Coverage with MMRMA; or
  - 20. Based upon or arising out of an **Exploited Vulnerability Incident**.
- B. Solely with respect to Coverages A. Network and Information Security Liability and B. Media Injury Liability of Section 1 – Subjects of Coverage, this Coverage Document does not apply to any **claim**:
- 1. Made by any person or organization which is operated, managed, or owned, in whole or in part, by the **Member** or any subsidiary, division or affiliated organization thereof;
  - 2. Brought by, in the name of, or on behalf of any performance rights organization, including but not limited to ASCAP, BMI, SESAC, SOCAN, or SoundExchange;
  - 3. Based upon or arising out of:
    - a. Infringement of copyright, title, trade dress, slogan, service mark, service name or trademark, trade name, or other intellectual property, or piracy, arising from any tangible goods, service offerings, or other products displayed on Your website;
    - b. Contractual liability involving the ownership of intellectual property with any vendor, customer, sub-contractor, or current or former **employee**;
    - c. Failure of goods, products, or services to conform with any statement of quality or performance;
    - d. Any description relating to the price of goods, products, or services; or
    - e. Entries posted on blogs, bulletins boards, chat rooms, websites, or other internet forums not directly controlled by You, with or without Your knowledge.
- C. Solely with respect to Coverage C, Network Security Loss – Section 1 – Subjects of Coverage, this Coverage Document does not apply to any **loss** or **business interruption loss**:
- 1. Caused by theft, physical damage, destruction or failure of the **Member's electronic communications system** or any part thereof; however, this exclusion shall not apply to theft, physical damage, destruction or failure of programs, electronic data, and media caused by an **unauthorized access** or **potential unauthorized access**;
  - 2. Based upon or arising out of:
    - a. **Media injury**; or
    - b. Theft, or alleged theft, of money, securities, bonds, or similar financial instruments with monetary value caused or contributed to by any fraudulent, dishonest, or criminal act

committed by any person who is an **employee** or a **Member** at the time of the **unauthorized access**, whether acting alone or in collusion with others; or

3. The value of trade secrets, confidential processing methods, or other confidential or proprietary information.
- D. With respect to Coverage F. Social Engineering Loss and Coverage I. Extortion Coverage of Section 1 – Subjects of Coverage, this Coverage Document does not apply to any **social engineering loss** or **extortion** loss based upon, arising out of or in any way involving any acts, errors or omissions by a **Member** with fraudulent or dishonest intent.



**SECTION 4**

**Limits of Liability**

## SECTION 4

### LIMITS OF LIABILITY

#### A. Limit of Liability – Network and Information Security Liability

Each Claim:

1. The liability of MMRMA under Coverage A. Network and Information Security Liability of Section 1 – Subjects of Coverage for the combined total of **damages**, and **claim expenses** for each **claim** first made against the **Member** during the **coverage period** or the Extended Reporting Period, if applicable, and reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provision, shall not exceed the Network and Information Security Liability Each Claim Limit of Liability stated in the Coverage Overview- Table III for Coverage A.
2. The Liability of MMRMA under Coverage A. Network and Information Security Liability of Section 1 – Subjects of Coverage for the combined total of **regulatory fines** and **claim expenses** for each **claim** first made against the **Member** during the **coverage period** or the Extended Reporting Period, if applicable, and reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, other Conditions: Subsection A, Reporting Provision, shall not exceed the Regulatory Fines Each Claim Limit of Liability stated in the Coverage Overview - Table III for Coverage A.

#### B. Limit of Liability – Media Injury Liability

Each Claim:

The liability of MMRMA under Coverage B, Media Injury Liability of Section 1 – Subjects of Coverage for the combined total of **damages** and **claim expenses** for each **claim** first made against the **Member** during the **coverage period** or the Extended Reporting Period, if applicable, and reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provision, shall not exceed the Media Injury Liability Each Claim Limit of Liability stated in the Coverage Overview - Table III for Coverage B.

#### C. Limit of Liability – Network Security Loss

Each Unauthorized Access:

1. The liability of MMRMA under Coverage C. Network Security Loss of Section 1 – Subjects of Coverage for all **loss** resulting directly from each **unauthorized access** or **potential unauthorized access** which occurs during the **coverage period** and is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provision, shall not exceed the Network Security Loss Each **Unauthorized Access** Limit of Liability stated in the Coverage Overview - Table III for Coverage C.
2. The liability of MMRMA under Coverage C. Network Security Loss of Section 1 – Subjects of Coverage for all **business interruption loss** resulting directly from each **business interruption event** which occurs during the **coverage period** and is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A Reporting Provision, shall not exceed the Network Security Business Interruption Loss Each Business Interruption Event Limit of Liability stated in the Coverage Overview – Table III for Coverage C.

#### **D. Limit of Liability – Breach Mitigation Expense**

Each Unintentional Data Compromise:

The liability of MMRMA under Coverage D. Breach Mitigation Expense of Section 1 – Subjects of Coverage for breach mitigation expense from each **unintentional data compromise** which occurs during the **coverage period** and is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provision, shall not exceed the Breach Mitigation Expense Each **Unintentional Data Compromise** Limit of Liability stated in the Coverage Overview - Table III for Coverage D.

#### **E. Limit of Liability and Aggregate - PCI Assessments**

1. Each Payment Card Breach:

The liability of MMRMA under Coverage E. PCI Assessments of Section 1 – Subjects of Coverage for all **PCI Assessments** resulting directly from each **payment card breach** which occurs during the **coverage period** and is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provision shall not exceed the PCI Assessments Each Payment Card Breach Limit of Liability stated in the Coverage Overview - Table III for Coverage E.

2. PCI Assessments Aggregate:

The total liability of MMRMA under Paragraph E. PCI Assessments of Section 1 – Subjects of Coverage shall not exceed the **PCI Assessments** Aggregate Limit of Liability stated in the Coverage Overview – Table III for all **PCI Assessments** incurred by the **Member** which results directly from **Payment Card Breach** reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions, Subsection A Reporting Provision.

#### **F. Limit of Liability and Aggregate - Social Engineering Loss**

1. Each Social Engineering Incident:

The liability of MMRMA under Coverage F. Social Engineering Loss of Section 1 – Subjects of Coverage for all **social engineering loss** resulting directly from each **social engineering incident** which occurs during the **coverage period** and is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provision shall not exceed the Social Engineering Loss Each Social Engineering Incident Limit of Liability stated in the Coverage Overview - Table III for Coverage F.

2. Social Engineering Loss Aggregate:

The total liability of MMRMA under Paragraph F. Social Engineering Loss of Section 1 – Subjects of Coverage shall not exceed the Social Engineering Loss Aggregate Limit of Liability stated in the Coverage Overview – Table III for **all Social Engineering Loss** incurred by the **Member** which results directly from **Social Engineering Incidents** reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions, Subsection A Reporting Provision.

#### **G. Limit of Liability– Reward Coverage**

Each Reward Payment:

The liability of MMRMA under Coverage G. Reward Coverage of Section 1 – Subjects of Coverage for all reward payments resulting from the conviction of persons responsible of the crime related to a covered event, which occurs during the **coverage period** and is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions; Subsection A, Reporting Provision shall not exceed the **Reward Coverage** Limit of Liability stated in the Coverage Overview – Table III for Coverage G, Reward Coverage.

#### H. Limit of Liability - Telecommunications Fraud Reimbursement

Each Unauthorized Call:

The liability of MMRMA under Coverage H. Telecommunications Fraud Reimbursement of Section 1 – Subjects of Coverage for all charges resulting from unauthorized calls from intentional, unauthorized, and fraudulent access to outgoing telephone service which occurs during the **coverage period** and is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions; Subsection A, Reporting Provision shall not exceed the **Telecommunications Fraud Reimbursement** Limit of Liability stated in the Coverage Overview – Table III for Coverage H, Telecommunications Fraud Reimbursement.

#### I. Limit of Liability - Extortion Loss

Each Extortion Demand:

The liability of MMRMA under Coverage I. Extortion Coverage of Section 1 – Subjects of Coverage for all **extortion loss** resulting directly from each **extortion demand** which occurs during the **coverage period** and is reported to MMRMA pursuant to Section 6, Member Duties, Responsibilities, Other Conditions: Subsection A, Reporting Provision shall not exceed the Extortion Loss Each Extortion Demand Limit of Liability stated in the Coverage Overview - Table III for Coverage I.

#### J. Member Aggregate Limit of Liability

The Member Aggregate Limit of Liability stated in the Coverage Overview Table III shall be MMRMA's maximum aggregate liability for the combined total of all **coverage payments** under all Subjects of Coverage, regardless of the number of **Members**, the number of **claims** or **losses**, or the number of **coverage events**.

#### K. Deductible

1. With regard to Coverage A. Network and Information Security Liability of Section 1 – Subjects of Coverage:
  - a. The Network and Information Security Liability Each Claim Deductible stated in the Coverage Overview - Table III shall be paid by the **Member** and shall be applicable to each **claim** and shall apply to **damages** and **claim expenses**, whether or not any **damages** payments are made. Such Deductible amounts shall, upon written request from MMRMA, be reimbursed by the **Member** within 10 days. The determination of MMRMA as to the reasonableness of the **claim expenses** shall be conclusive on the **Member**.
  - b. The Regulatory Fines Each Claim Deductible stated in the Coverage Overview Table III shall be paid by the **Member** and shall be applicable to each claim and shall apply to **regulatory fines** and **claim expenses**, whether or not any **regulatory fines** payments are made. Such Deductible amounts shall, upon written request by MMRMA, be reimbursed by the **Member** within 10 days. The determination of MMRMA as to the reasonableness of the **claim expenses** shall be conclusive on the **Member**.

2. With regard to Coverage B. Media Injury Liability of Section 1 – Subjects of Coverage, the Media Injury Liability Each Claim Deductible stated in the Coverage Overview - Table III shall be paid by the **Member** and shall be applicable to each **claim** and shall apply to **damages** and **claim expenses**, whether or not any **damages** payments are made. Such Deductible amounts shall, upon written request by MMRMA, be reimbursed by the **Member** within 10 days. The determination of MMRMA as to the reasonableness of the claim expenses shall be conclusive on the **Member**.
3. With regard to Coverage C. Network Security Loss of Section 1 – Subjects of Coverage:
  - a. The Network Security Loss Each Unauthorized Access Deductible stated in the Coverage Overview - Table III shall be applicable to **loss** from **each unauthorized access** or **potential unauthorized access**. Such Deductible amount will be deducted from the amount of **loss** for which MMRMA shall indemnify the **Member**; and
  - b. The Network Security Business Interruption Loss Retention Period for Each Business Interruption Event stated in the Coverage Overview - Table III shall be applicable to **business interruption loss** from each **business interruption event**. Such Retention Period shall reduce the number of hours of **business interruption loss** for which MMRMA shall reimburse the **Member**.
4. With regard to Coverage D. Breach Mitigation Expense of Section 1 – Subjects of Coverage, the Breach Mitigation Expense Each Unintentional Data Compromise Deductible stated in the Coverage Overview - Table III shall be applicable to **breach mitigation expense** from each **unintentional data compromise**. Such Deductible amount will be deducted from the amount of **breach mitigation expense** for which MMRMA shall reimburse the **Member**. Such Deductible will not apply to amounts incurred for services of a breach coach as set forth in Paragraph 5. of the definition of **breach mitigation expense**.
5. With regard to Coverage E. PCI Assessments of Section 1 – Subjects of Coverage, the PCI Assessments Each Payment Card Breach Deductible stated in the Coverage Overview Table III shall be applicable to **PCI Assessments** from each **payment card breach**. Such Deductible amount will be deducted from the amount of **PCI Assessments** for which MMRMA shall indemnify the **Member**.
6. With regard to Coverage F. Social Engineering Loss of Section 1 – Subjects of Coverage, the Social Engineering Loss Each Social Engineering Incident Deductible stated in the Coverage Overview - Table III shall be applicable to **social engineering loss** from each **social engineering incident**. Such Deductible amount will be deducted from the amount of **social engineering loss** for which MMRMA shall reimburse the **Member**.
7. With regard to Coverage I. Extortion Loss of Section 1 – Subjects of Coverage, the Extortion Loss Each Extortion Demand Deductible stated in the Coverage Overview - Table III shall be applicable to **extortion loss** from each **extortion demand**. Such Deductible amount will be deducted from the amount of **extortion loss** for which MMRMA shall reimburse the **Member**.

#### **L. Multiple Members, Claims, Losses and Claimants**

1. The inclusion herein of more than one **Member** in any **claim** or **coverage event** or the reporting of a **coverage payment** incurred by more than one person or organization or under more than one Subject of Coverage of this Coverage Document, shall not operate to increase the Limits of Liability stated in the Coverage Overview and the Coverage Document.

2. All **claims** and **losses** arising out of, based upon or attributable to the same or related **coverage events** shall be treated as a single claim or single loss and shall be deemed first made or first occurring, as applicable, in the earliest of the following:
  - a. the **coverage period** in which the earliest of such **claims** or potential **claims** is first received by MMRMA; or
  - b. for **loss**, the **coverage period** in which the earliest of such related **coverage events** is deemed to have occurred,

and shall be subject to the terms and conditions, including applicable deductibles and Limits of Liability, of such **coverage period**.

3. It is the intent of MMRMA that the coverage afforded under the Subjects of Coverage be mutually exclusive. If, however, it is determined that more than one Subject of Coverage applies to one **coverage event** ensuing from a common nexus of fact, circumstance, situation, event, transaction, or cause, then the largest of the applicable Deductibles for the Subjects of Coverage will apply.

**SECTION 5**

**Defense, Settlements  
and Claim Expenses**

## SECTION 5

### DEFENSE, SETTLEMENTS, AND CLAIM EXPENSES

- A. Defense and Investigation:** MMRMA may, at its sole discretion, investigate and defend any coverage event or claim to which coverage under this Coverage Document applies pursuant to the following provisions:
1. **Claim expenses** incurred in investigating and defending a **coverage event** or claim shall be part of and shall not be in addition to the applicable Limits of Liability stated in the Coverage Overview – Table III. Such **claim expenses** shall reduce the applicable Limits of Liability and shall be applied against the applicable deductible. MMRMA shall have no obligation to pay any **damages** or to defend or continue to defend any claim or to pay **claim expense** after the applicable Limits of Liability stated in Coverage Overview – Table III have been exhausted by payment(s) of **damages** and/or **claim expenses**.
  2. MMRMA shall select defense counsel and the fees and costs incurred by such defense counsel, including those fees and costs generated by cooperation with MMRMA, as set forth above, shall be included in **claim expenses**. Such **claim expenses** shall be a part of and shall not be in addition to the applicable Limits of Liability stated in Coverage Overview - Table III. Such **claim expenses** shall reduce the applicable Limits of Liability and shall be applied against the applicable deductible.
  3. MMRMA may, at its sole discretion, investigate **any coverage event**. MMRMA will pay for covered **coverage payments** incurred by MMRMA in excess of the Deductible, if applicable. MMRMA will indemnify the **Member** within sixty (60) days after receipt of the sworn proof of loss or satisfactory written proof of payment of **Breach Mitigation Expenses**, provided:
    - a. The **Member** has complied with all the terms of the Coverage Document, Joint Powers Agreement, and MMRMA rules and administrative procedures; and
    - b. MMRMA and the **Member** have agreed with the items included within and the amounts documented in the Member's sworn proof of loss or satisfactory written proof of payment of Breach Mitigation Expenses.
- B. Claim Settlement:** MMRMA may, at its sole discretion, investigate, negotiate, and settle any claim. The Member will abide by the terms of such settlement and, upon the request of MMRMA, will immediately contribute the amount of any deductible to conclude the settlement.



**SECTION 6**

**Member Duties, Responsibilities,  
Other Conditions**

## SECTION 6

### MEMBER DUTIES, RESPONSIBILITIES, OTHER CONDITIONS

#### A. Reporting Provision

1. It is a condition precedent to coverage afforded by this Coverage Document that the **Member** shall give to MMRMA written notice of any **coverage event**, as soon as practicable, and in no event later than sixty (60) days after the end of the **coverage period**.
2. In the event of any **unauthorized access, potential unauthorized access, social engineering incident, extortion demand, or unintentional data compromise**, the **Member** must:
  - a. Promptly notify law enforcement in the event of a theft;
  - b. Give MMRMA prompt written notice of the **unauthorized access, social engineering incident, or unintentional data compromise**;
  - c. As soon as practicable, provide a description of how, when, and what elements of the **Member's electronic communications system** were impacted by the **unauthorized access or potential unauthorized access**;
  - d. Take all reasonable steps to protect the **Member's electronic communications system** from further **unauthorized access** and to reduce **loss**;
  - e. As often as may be reasonably required, permit MMRMA to inspect the **Member's electronic communications system** and examine the **Member's** books and records related to the **loss or breach mitigation expenses** incurred;
  - f. Provide, in no event later than sixty (60) days after MMRMA's request, a sworn proof of **loss**, signed by the **Member**, containing the information MMRMA requests to investigate the **Loss**; and
  - g. Submit to MMRMA satisfactory written proof of payment of any **breach mitigation expenses** within one year after the expiration or cancellation of this Coverage Document.
3. In the event a suit is brought against the **Member** or a charge against the **Member** is instituted by any **authority** or any administrative action is initiated by an **authority**, the **Member** shall immediately forward to MMRMA every demand, notice, summons, or other process received by their representatives.

#### B. Discovery Clause

1. Under Paragraphs A. Network And Information Security Liability and B. Media Injury Liability of Section 1 – Subjects of Coverage, if during the **coverage period**, the **Member** first becomes aware of a specific **coverage event** which is reasonably expected to result in a **coverage payment** within the scope of coverage of this Coverage Document then the **Member** shall provide written notice to MMRMA containing the information listed below. If such written notice is received by MMRMA during the **coverage period**, then any **coverage payment** subsequently made on behalf of the **Member** arising out of such **coverage event** shall be deemed for the purpose of this insurance to have been first made on the date on which such written notice is first received by MMRMA.

2. It is a condition precedent to the coverage afforded by this Discovery Clause that written notice be given to MMRMA containing the following information:
  - a. The description of the specific **coverage event**;
  - b. The date on which such coverage event took place;
  - c. The injury or damage which has or may result from such **coverage event**;
  - d. The identity of any injured persons or organization subject to such injury or damage; and
  - e. The circumstances by which the **Member** first became aware of such coverage event.

If during the **coverage period** the **Member** provides such written notice of a specific **coverage event** which is reasonably expected to result in a **coverage payment** within the scope of coverage of this Coverage Document, MMRMA, at its sole option, may investigate such specific **coverage event**. Such matter shall be subject to all terms, conditions and provisions in this Coverage Document as applicable to a **coverage payment**.

#### **C. Assistance and Cooperation of the Member**

The **Member** shall cooperate with MMRMA, its staff, attorneys, claims adjusters, and consultants in the investigation, defense, and settlement of any claim or lawsuit and in enforcing any right of recovery, contribution, or indemnity against any person who may be liable or answerable to the Member because of **damages** or **loss** for which coverage is afforded. Upon MMRMA's request the **Member** shall:

1. Submit to examination and interview by a representative of MMRMA and while not in the presence of any other **Member**, under oath if required;
2. attend hearings, depositions: and trials;
3. assist in effecting settlement and giving evidence and obtaining the attendance of witnesses in the conduct of suits; and
4. give a written statement or statement(s) to MMRMA's representatives and meet with such representatives for the purpose of determining coverage or defending any claim, all without cost to MMRMA. The **Member** shall further cooperate with MMRMA and do whatever is necessary to secure and effect any right of indemnity, contribution or apportionment with the **Member** may have.

The **Member** shall not, with respect to any claim covered under this Coverage Document, except at their own cost, make any payment, admit any liability, settle any **claims**, assume any obligation, agree to arbitration or any similar means of resolution of any dispute, waive any rights, or incur **claim expenses** without MMRMA's prior written consent, such consent shall not to be unreasonably withheld. Any costs and expenses incurred by the Member prior to the **Member** giving written notice of the claim to MMRMA shall be borne by the **Member** and will not constitute satisfaction of the deductible.

#### **D. Municipal Corporation To Act For All Covered Persons**

The **Member** municipal corporation agrees to act on behalf of each covered person with respect to the giving and receiving of notice of claim or cancellation, the payment of contributions, the acceptance or rejection of any settlement offer and adherence to all MMRMA rules and

administrative procedures. Each covered person agrees that the **Member** municipal corporation shall be authorized to act on their behalf.

#### **E. False or Fraudulent Claims**

If any **Member** shall commit fraud in proffering any information related to coverage under this Coverage Document, this coverage shall become void as to such **Member** from the date such fraud was committed.

#### **F. Concealment or Misrepresentation**

This Coverage Document is void if any **Member** at any time intentionally conceals or misrepresents any material fact or circumstance relating to this Coverage Document or any claims made under this Coverage Document.

#### **G. Mitigation**

It is a condition precedent to coverage that the **Member** shall not willfully fail to comply with any **security breach notice laws** that the **Member** may be subject to, by reason of an **unauthorized access, potential unauthorized access or unintentional data compromise**.

#### **H. Representations**

By acceptance of this Coverage Document, the **Member** agrees as follows:

1. That the information and statements contained in submission documents are the basis of this Coverage Document and are to be considered as incorporated into and constituting a part of this Coverage Document; and
2. That the information and statements contained in the submission and questionnaire are their representations, that they shall be deemed material to the acceptance of the risk or hazard assumed by MMRMA under this Coverage Document, and that this Coverage Document is issued in reliance upon the truth of such representations.

#### **I. Inspections and Surveys**

MMRMA has the right but is not obligated to:

1. make inspections and surveys at any time;
2. give You reports on the conditions MMRMA finds; and
3. recommend changes.

Any inspections, surveys, reports or recommendations relate only to acceptance by MMRMA for coverage and the contributions to be charged. MMRMA does not make safety inspections. MMRMA does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. MMRMA does not warrant that any conditions:

1. are safe or healthful; or
2. comply with laws, regulations, codes or standards.

This condition applies not only to MMRMA, but also to any organization engaged by MMRMA to make inspections, surveys, reports or recommendations.

## J. Entire Agreement

This Coverage Document, the Coverage Overview, Joint Powers Agreement, MMRMA rules and administrative procedures, the submission and questionnaire and any written endorsements attached hereto shall be deemed to be a single unitary contract.

## K. Conformance

Any terms of this Coverage Document which may be in conflict with the applicable statutes of the State of Michigan are amended to conform to such statutes.

## L. Other Coverage

This coverage shall be primary as to coverage provided under coverages **B. Media Injury Liability, D. Breach Mitigation Expense, E PCI Assessments, and F. Social Engineering Loss of Section 1 – Subjects of Coverage**. Otherwise this coverage shall be excess of any other insurance or similar coverage or protection available to the **Member**, whether such other insurance or similar coverage or protection is stated to be primary, contributory, excess, contingent, or otherwise, unless such other insurance or similar coverage or protection is written only as a specific excess insurance over the Limits of Liability provided in this Coverage Document.

## M. Terms and Amendments

The terms of this Coverage Document cannot be waived or changed except by written Amendment, signed and dated by an Authorized Representative of MMRMA, showing the effective date of such waiver or change. The **Member** is aware of and agrees that it will be bound by all the provisions of the Joint Powers Agreement, Coverage Documents, MMRMA rules, regulations and administrative procedures.

## N. Assignment of Interest

Assignment of interest under this Coverage Document shall not bind MMRMA unless its consent is endorsed hereon.

## O. Subrogation

In the event of any payment or indemnification under this Coverage Document, MMRMA shall be subrogated to the right of recovery of the **Member** to the extent of such payment or indemnification. The **Member** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Member** shall do nothing to prejudice such rights.

Any amount so recovered, whether obtained by MMRMA or by the **Member**, shall be applied in the following order:

1. repayment of expenses incurred toward subrogation;
2. repay any **coverage payment** incurred by the **Member** which is in excess of the amount of the Limit of Liability under this Coverage Document and which is excess of any amount paid by any insurer under any other Coverage Document;
3. repay any **damages** and claim expenses payment or any **loss** indemnification or payment by any excess carrier on behalf of the **Member**;

4. repay any damages and claim expenses payment or any loss indemnification or payment by any primary carrier on behalf of the Member; and,
5. repayment of the **Member's** deductible.

**P. Territory**

The coverage afforded by this Coverage Document applies worldwide except for **claims** made or **losses** incurred in: (1) any country which is not a signatory to the Hague Conference on Private International Law; or (2) any country on which the government of the United States of America has imposed trade sanctions, embargoes, or any similar regulations that prohibit the transaction of business with or within such country. This Coverage Document does not apply to the extent that trade or economic sanctions or other similar laws or regulations prohibit the insurance afforded by this Coverage Document.

## SECTION 7

### EXTENDED REPORTING PERIOD

- A. If the **Member** withdraws from Membership or if MMRMA terminates the Membership in accordance with Article 6 Membership – Sections 2 or Section 3 of the Joint Powers Agreement, for reasons other than nonpayment of premium or Deductible or non-compliance with the terms and conditions of this Coverage Document, then the **Member** shall have the right to elect coverage granted in this Coverage Document for ninety (90) days, to apply to **claims** first made against the **Member**, and reported to MMRMA pursuant to Section 6 – Member Duties, Responsibilities and Other Conditions, following immediately upon the effective date of such withdrawal or termination, by reason of any **coverage event**, which happened during the **coverage period** or on or after the Retroactive Date stated in the Coverage Overview – Table III and prior to the effective date of such withdrawal or termination and which is otherwise covered by this Coverage Document.

This extended period of coverage as elected by the **Member** and described in this paragraph shall be referred to in this Coverage Document as the Extended Reporting Period.

If, however, this Coverage Document is immediately succeeded by similar claims made insurance coverage on which the applicable Retroactive Date is the same as or earlier than that stated in the Coverage Overview – Table III, the succeeding insurance shall be deemed to be a renewal hereof.

The quotation of a different premium, Deductible or Limit of Liability for renewal does not constitute a cancellation or refusal to renew for the purpose of this provision.

- B. As a condition precedent to the extension of coverage under the Extended Reporting Period, the Member must have paid:
1. All deductibles when due;
  2. All premiums due for the **coverage period**; and
  3. All premiums, deductibles and co-insurance obligations due on any other coverage document(s) issued by MMRMA in an uninterrupted series of policies of which this Coverage Document is a renewal or replacement.

The right to exercise the Extended Reporting Period shall terminate unless a written notice of such election for the Extended Reporting Period is received by MMRMA within 30 days after the effective date of withdrawal or termination. If such written notice of request for the Extended Reporting Period is not so received by MMRMA, there shall be no right to exercise the Extended Reporting Period at a later date.

- C. The Extended Reporting Period shall not in any way increase the Limits of Liability stated in the Coverage Overview – Table III.

**SPECIALIZED EMERGENCY  
RESPONSE EXPENSE RECOVERY**





**MICHIGAN MUNICIPAL RISK MANAGEMENT AUTHORITY  
SPECIALIZED EMERGENCY RESPONSE EXPENSE RECOVERY COVERAGE DOCUMENT  
(OPTIONAL)**

This Coverage Document pertains to the Specialized Emergency Response Expense Recovery Coverage afforded to certain **Members** of Michigan Municipal Risk Management Authority, (hereinafter MMRMA). This Coverage Document is authorized by the Joint Powers Agreement. It is subject to and limited by all of the terms and conditions contained in the Joint Powers Agreement, MMRMA rules, and MMRMA administrative procedures. Please read the entire Coverage Document carefully to determine your rights and duties and what coverage is and is not provided. If you have any questions concerning coverage, please contact MMRMA.

Certain words, phrases, and subjects of coverage have special meanings. They are defined when they first appear in the text or in the "Definitions" section and should be read carefully.

When the term "MMRMA" is used throughout this document it means Michigan Municipal Risk Management Authority. The terms "**Member**," "you," or "your" mean the Member of Michigan Municipal Risk Management Authority.

UNLESS INDICATED ELSEWHERE IN THIS COVERAGE DOCUMENT, THE COVERAGE PROVIDED BY THIS COVERAGE DOCUMENT IS INDEPENDENT OF ANY OTHER COVERAGE OFFERED BY MMRMA AND IS NOT TO BE READ IN CONJUNCTION WITH ANY OTHER COVERAGE DOCUMENT. THEREFORE, LOSSES COVERED UNDER THIS DOCUMENT ARE EXCLUDED UNDER THE LIABILITY AND MOTOR VEHICLE PHYSICAL DAMAGE COVERAGE DOCUMENT, THE PROPERTY AND CRIME COVERAGE DOCUMENT, AND THE DATA BREACH AND PRIVACY LIABILITY COVERAGE DOCUMENT. UNLESS INDICATED ELSEWHERE IN THIS COVERAGE DOCUMENT, THIS COVERAGE DOCUMENT CONTAINS DEFINITIONS, COVERING AGREEMENTS, CONDITIONS, AND EXCLUSIONS NOT CONTAINED, OR DIFFERENT THAN THOSE, IN THE OTHER MMRMA COVERAGE DOCUMENTS

**SECTION 1**

**Subjects of Coverage  
and Limits of Coverage**

**MICHIGAN MUNICIPAL RISK MANAGEMENT AUTHORITY  
SPECIALIZED EMERGENCY RESPONSE EXPENSE RECOVERY COVERAGE DOCUMENT**

**SECTION 1  
SUBJECTS OF COVERAGE AND LIMITS OF COVERAGE**

A. MMRMA will pay on behalf of the **Member** all monies the **Member** becomes legally obligated to pay as **damages** to specialized **emergency response services** teams and/or other responding organizations due to an **occurrence** taking place during the period of membership in MMRMA for the covered events 1-8 below, and subject to the applicable coverage limit:

1. Hazardous material releases/spills
2. Explosions
3. Confined space rescue/retrieval
4. Structural collapse
5. Search and rescue operations
6. Civil unrest or civil disturbance mitigation teams (e.g.: SWAT)
7. Toxic releases
8. Ice/water rescue and/or recovery incidents

B. The coverage afforded is for the cost of acquired services relating to each of the covered events 1-8 above. However, if more than one covered event should occur during the same occurrence, the coverage limit shall not increase. The limit of specialized emergency response **expense** recovery within this document shall not exceed per **occurrence** Limit of Coverage, if any, as outlined in the **Member** Coverage Overview.

C. Coverage afforded is to be excess and secondary, and not primary or contributing therewith, relative to any collectable insurance or coverages provided through **mutual aid agreements** or any other sources.

**SECTION 2**

**Definitions**

## SECTION 2 DEFINITIONS

The following meanings shall apply to all coverages in this Coverage Document:

- A. **DAMAGES** means **expenses** incurred by the **emergency response services** utilized to mitigate dangerous situations including wages, equipment usage, remediation chemicals, housing, fuel, and meals.
- B. **EMERGENCY RESPONSE SERVICES** means services provided by a municipal/governmental department/other governmental unit, other than the **Member**, which provides services for emergency situations, including police or law enforcement services, fire services, emergency medical services, hazardous material services, search and rescue services, structural support services, toxic services, civil unrest/disturbance services, or similar services provided in an emergency situation.
- C. **EXPENSES** shall mean a charge against the **responsible party** as set forth by the **Member's** adopted ordinance. The charge(s) against the person/entity shall constitute a debt of that person/entity and is collectible by the **Member** for incurring those costs in the same manner as in the case of an obligation under a contract, express or implied.
- D. **EXPENSE RECOVERY ORDINANCE** means a valid and enforceable ordinance adopted by the legislative body of **Member** which permits the **Member** to recover **expenses** from the **responsible party** relative to **emergency response services**.
- E. **LAWSUIT** means a suit at law, but not at equity, to recover **expenses** brought by a provider of **emergency response services**.
- F. **MEMBER** means a municipal corporation, as defined in the Joint Powers Agreement, that has joined MMRMA.
- G. **MUTUAL AID AGREEMENT** means an agreement between two or more municipal organizations, including the **Member**, that offer **emergency response services** assistance to the **Member** giving rise to an **occurrence**.
- H. **MUTUAL AID ASSOCIATION** means a group of governmental emergency response departments whose cooperative efforts provide added **emergency response services** to its associated members and surrounding communities.

I. **OCCURRENCE** means items 1-8 below when a **Member** calls for **emergency response services** assistance because of an event that results in a specialized emergency response causing **expenses** or **damages** that are not recovered by the **Member** from other sources:

1. Hazardous material releases/spills
2. Explosions
3. Confined space rescue/retrieval
4. Structural collapse
5. Search and rescue operations
6. Civil unrest or civil disturbance mitigation teams (e.g.: SWAT)
7. Toxic releases
8. Ice/water rescue and/or recovery incidents

J. **RESPONSIBLE PARTY** means any one of the following:

1. Any owner, lessor, or operator of a fixed facility to which there are specialized **emergency response services** provided by the appropriate emergency responders and who shall be presumed liable for the **expenses** of the specialized emergency response.
2. Any individual, entity, or vehicle owner/lessee who owned and/or operated a motor vehicle or other vehicle of any type, whose operation of same results in specialized **emergency response services**, and who shall be responsible and liable for **expenses** of the specialized emergency response.
3. Any individual or entity who is the subject of an emergency response by the appropriate **emergency response services** and who shall be presumed liable for the **expense** of said response.

**SECTION 3**

**Exclusions**

**SECTION 3  
EXCLUSIONS**

1. Any **expenses** that have been recovered by the **Member** through any other source, including but not limited to insurance company payments, direct payments, coverage provided through a **Mutual Aid Association**, and state or federal funding/payments.
  
2. Any **expenses** that are related to response by a **Mutual Aid Association**, if the **Member** had the opportunity to join and declined or refused to participate in, or resigned or terminated membership in, said **Mutual Aid Association**.



**SECTION 4**

**Duties, Responsibilities,  
Other Conditions**

**SECTION 4**  
**DUTIES, RESPONSIBILITIES, OTHER CONDITIONS**

- A. MEMBER'S DUTIES IN THE EVENT OF AN OCCURRENCE, CLAIM OR LAWSUIT
1. This Coverage Agreement requires that the **Member** formally adopt a legally binding **expense recovery ordinance** through the **Member's** legislative process.
  2. In the event of an **occurrence**, written notice giving the **Member's** name and other reasonably obtainable information such as the time, place, circumstances, and names and addresses of the **responsible party** and available witnesses shall be provided by the **Member** to MMRMA as soon as practicable.
  3. The **Member** shall immediately forward to MMRMA documentation of damages.
  4. Pursuant to the terms and conditions of this Coverage Document, the Joint Powers Agreement, MMRMA rules, and MMRMA administrative procedures, the **Member** shall cooperate with MMRMA, its staff, attorneys, claims adjusters, and consultants in the investigation, defense, and settlement of any claim or lawsuit and in enforcing any right of recovery, contribution, or indemnity against any person who may be liable or answerable to the **Member** because of **damages** for which coverage is afforded. The **Member** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.
  5. The **Member** shall immediately forward to MMRMA every claim, demand, notice, summons and complaint, or other process received. Any claim or **lawsuit** that is not immediately submitted to MMRMA for handling shall be denied coverage.
- B. MMRMA DUTIES IN THE EVENT OF AN OCCURRENCE
1. Should the **Member** seek reimbursement from MMRMA, MMRMA shall pay the **damages**, less the deductible, subject to limit of coverage.
  2. MMRMA will pay, on behalf of the **Member**, **expenses** incurred by the responding provider(s) of **emergency response services** utilized in the remediation of the **damages** that are not paid for by the **responsible party**, its insurance carrier, or other coverage provider, except where an official disaster has been declared, in which case emergency funds from the State of Michigan or the United States Federal Government shall reimburse the responding agency or agencies for remediation services.
  3. MMRMA may, at its discretion, investigate any **occurrence** and settle any claim or **lawsuit** that may result from the covered event.

C. DISPUTES, VENUE

Any dispute shall be resolved by the process detailed in the Joint Powers Agreement and MMRMA rules.

The **Member** stipulates that the county in which the office of MMRMA's Executive Director is located is the only proper county in which to commence and prosecute a **lawsuit** or suit at equity involving MMRMA and the **Member**.

D. INSURANCE OR OTHER SIMILAR PROTECTION

If the **Member** has or had insurance or other similar protection against a loss covered by MMRMA, MMRMA's coverage shall be excess thereof only and not primary or contributing therewith.

E. RECOVERY

1. In the event of any payment or indemnification under this Coverage Document, MMRMA shall be subrogated to the right of recovery of the **Member** to the extent of such payment or indemnification. The **Member** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Member** transfers any and all right to recover **damages** from a responsible party, or anyone else, to MMRMA, to the extent of any payment or indemnification by MMRMA. The **Member** shall do nothing to prejudice such rights.
2. Should the **responsible party** deny repayment of the **damages**, the **Member** will allow MMRMA to subrogate the process for expense recovery from the **responsible party**.
3. The **Member** agrees to reimburse MMRMA any funds collected or received by the **Member** for **damages** already paid by MMRMA through coverage provided by this Coverage Document.
4. Any amount so recovered, whether effected by MMRMA or by the **Member**, shall be used: first, for the repayment of **damages** paid or indemnified by MMRMA, plus expenses incurred toward subrogation; second, for any damages and claim expenses payment or loss incurred by the **Member** in excess of the amount of the Limit of Liability under this Coverage Document and in excess of any amount paid by any insurer under any other insurance or coverage; third, for any damages and claim expenses payment or any loss indemnification or payment by any excess carrier on behalf of the **Member**; fourth, for any damages and claim expenses payment or any loss indemnification or payment by any primary carrier on behalf of the **Member**; and, last, for repayment of the **Member's** deductible.

H. TRANSFER OF RIGHTS AND DUTIES

The **Member** must do everything necessary to secure MMRMA's rights after an **occurrence**. The **Member** may waive their rights against another party in writing:

1. Prior to an **occurrence**; and
2. After an **occurrence** only if, at the time of the loss, that party is another **Member** covered under this Coverage Document, and MMRMA consents to said waiver.

I. CONCEALMENT OR MISREPRESENTATION

This Coverage Document is void if the **Member** at any time intentionally conceals or misrepresents any material fact or circumstance relating to this Coverage Document or any claims made under this Coverage Document.

J. CONFORMANCE

Any terms of this Coverage Document which may be in conflict with the applicable statutes of the State of Michigan are amended to conform to such statutes.

K. MUNICIPAL CORPORATION TO ACT FOR ALL COVERED PERSONS

The **Member** municipal corporation agrees to act on behalf of each covered person with respect to the giving and receiving of notice of claim or cancellation, the payment of contributions, the acceptance or rejection of any settlement offer, and adherence to all MMRMA rules and administrative procedures. Each covered person agrees that the **Member** municipal corporation shall be authorized to act on their behalf.

L. TITLES OF PARAGRAPHS

The titles of the various paragraphs of this Coverage Document and amendments, if any, attached to this Coverage Document are inserted solely for convenience or reference and are not to be deemed in any way to limit or affect the provisions to which they relate.

M. LIBERALIZATION

If MMRMA adopts any changes while this Coverage Document is in force, or within 45 days prior to its effective date, which could broaden or extend this Coverage Document without an additional contribution charge, the **Member** will automatically receive the benefit of the broadened coverage.

N. TERMS AND AMENDMENTS

The terms of this Coverage Document cannot be waived or changed except by written amendment, signed and dated by an authorized representative of MMRMA, showing the effective date of such waiver or change.

**END OF SPECIALIZED EMERGENCY RESPONSE EXPENSE RECOVERY COVERAGE DOCUMENT**