

New Mexico Counties

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**NEW MEXICO
COUNTIES**

33 STRONG

NEW MEXICO COUNTY INSURANCE AUTHORITY

Board of Directors Meeting

January 23, 2025, 2:00 p.m.

**NMC Office
444 Galisteo Street
Santa Fe, NM 87501**

Serving New Mexico's Counties for More than 75 Years

**New Mexico Counties
444 Galisteo Street
Santa Fe, NM 87501
1-877-983-2101
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**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> <p style="text-align: center;">1.</p>	<u>Item Title:</u> Call to Order / Roll Call / Pledge of Allegiance / Introductions
<u>Presenter (s):</u> Lance Pyle, Chair Cynthia Stephenson, Risk Management Specialist	
Call to order time:	



NMCIA Board of Directors 2025

Officers

Chair	Vice-Chair	NMC Representative
Lance Pyle <i>Curry County Manager</i>	Gregory S. Shaffer <i>Santa Fe County Manager</i>	Michael Meek <i>County Commissioner</i>

GROUP I, GEOGRAPHICAL DIRECTORS

Term Expires 1/2027

NORTHWEST	NORTHEAST	SOUTHWEST
Jhonathan Aragon <i>Valencia County Deputy Manager</i>	Lance Pyle <i>Curry County Manager</i>	Charlene Webb <i>Grant County Manager</i>
Cibola, Los Alamos, McKinley, Rio Arriba, Taos, Torrance, Valencia	Colfax, Curry, Guadalupe, Harding, Mora, Quay, San Miguel, Union	Catron, Grant, Hidalgo, Luna, Sierra, Socorro

SOUTHEAST
Roberta Gonzales <i>Eddy County Finance Director</i>
Chaves, De Baca, Eddy, Lea, Lincoln, Otero, Roosevelt

GROUP II, CLASS A DIRECTORS

Term Expires 1/2026

BERNALILLO	BERNALILLO	DOÑA ANA
<p>Lisa Sedillo-White <i>Deputy County Manager for General Services</i></p>	<p>Shirley Ragin <i>Deputy County Manager for Finance</i></p>	<p>Steven Mauer <i>Risk Manager</i></p>

SAN JUAN	SANDOVAL	SANTA FE
<p>Cynthia Singleton <i>Claims Manager</i></p>	<p>Michael Meek <i>County Commissioner</i></p>	<p>Gregory S. Shaffer <i>County Manager</i></p>

GROUP III, POPULATION DIRECTORS

Term Expires 1/2026

SMALL COUNTY	MID-LEVEL-LOW COUNTY	MID-LEVEL-HIGH COUNTY
<p>Brandy Thompson <i>Union County Manager</i></p> <p>Catron, Colfax, De Baca, Guadalupe, Harding, Hidalgo, Mora, Quay, Sierra, Torrance and Union</p>	<p>Kate Fletcher <i>Cibola County Manager</i></p> <p>Cibola, Grant, Lincoln, Los Alamos, Luna, Roosevelt, San Miguel, Socorro and Taos</p>	<p>Vacant</p> <p>Chaves, Curry, Eddy, Lea, McKinley, Otero, Rio Arriba and Valencia</p>

EX Officio Directors

President	President Elect	Attorney Affiliate Representative
<p>Annie Hogland <i>Curry County Clerk</i></p>	<p>Terri Fortner <i>San Juan County Clerk</i></p>	<p>Michael Eshleman <i>Sandoval County Attorney</i></p>

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 2.	<u>Item Title:</u> Approval of Agenda
<u>Presenter (s):</u> Lance Pyle, Chair	
Motion by:	Seconded by:



**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING**

January 23, 2025, 2:00 p.m. *

In Person

NMC Santa Fe Office
444 Galisteo St.
Santa Fe, NM 87501

AGENDA

* In accordance with the New Mexico Open Meetings Act, the New Mexico County Insurance Authority Board of Directors (NMCIA Board) may recess and reconvene this meeting on January 24, 2025, at 2:00 p.m. If the NMCIA Board does, in fact, recess and reconvene this meeting, notice of the date, time, and place of the reconvened meeting will be posted (1) on or near the door of the place where the original meeting was held (if any); (2) at New Mexico Counties' offices (444 Galisteo Street Santa Fe NM 87501); and (3) on New Mexico Counties' website (<https://www.nmcounties.org/services/insurance>).

If the NMCIA Board completes the agenda on January 23, 2025, it will not meet on January 24, 2025.

1. Call to Order / Roll Call / Pledge of Allegiance / Introductions	Lance Pyle	Pg. 2
2. Approval of Agenda	Lance Pyle	Pg. 5
3. Approval of Minutes of December 4, 2024	Lance Pyle	Pg. 8
4. Board Action Items		
A. Elect NMCIA Officers (Chair, Vice Chair, NMC Rep)	Lance Pyle	Pg. 12
B. Ratify Election of Board Members and Dona Ana County Board Appointment	Lance Pyle	Pg. 13
C. Fill Litigation Claims Committee Vacancy	Lance Pyle	Pg. 14
5. Board Presentation		
A. Investment Update	Ryan Salmon	Pg. 18
6. Board Action Items		
A. Approve 2025 Liability Coverage Agreement	Grace Philips	Pg. 49
B. Approve 2025 Property Coverage Agreement	Grace Philips	Pg. 118
7. 3:00 p.m. Executive Session – Pending and Threatened Litigation Per New Mexico Open Meetings Act 10-15-7-H(7)	Lance Pyle	Pg.180
• Estate of Tracy v Sierra County		
• Bernalillo County's appeal of NMC's application of one occurrence definition within Coverage Agreement		
• Dona Ana County's appeal of NMC's application of one occurrence definition within Coverage Agreement		
• Quay County v NM Counties; Stantec Consulting; Vital Construction		

8. Board Discussion

A. Discuss Coverage for County JPA Entities

Mark Allen

Pg. 181

9. Board Discussion

A. 2025 Board Meeting and Retreat Location Options, Format

Cynthia Stephenson

Pg. 184

10. Other Business

Lance Pyle

Pg. 185

11. Adjournment

Lance Pyle

Pg. 186

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 3.	<u>Item Title:</u> Approval of Minutes of December 4, 2024
<u>Presenter (s):</u> Lance Pyle, Chair	
Motion by:	Seconded by:

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING**

December 4, 2024, 8:30 a.m.

Via Video Conference

MINUTES

Call to Order/Pledge of Allegiance / Roll Call / Introductions

Chair Lance Pyle called the meeting to order at 8:45 a.m. Cynthia Stephenson called the roll and announced that a quorum was present.

Board Members Present

Michael Eshleman, Attorney Affiliate Representative, Sandoval County Attorney
Kate Fletcher, Cibola County Manager
Roberta Gonzales, Eddy County Finance Director
Michael Meek, Sandoval County Commissioner (arrived during Executive Session)
Danny Monette, Valencia County Manager
Lance Pyle, Chair, Curry County Manager
Lisa Sedillo-White, Bernalillo Deputy County Manager of General Services
Gregory S. Shaffer, Vice Chair, Santa Fe County Manager
Cynthia Singleton, San Juan County Claims Manager
Brandy Thompson, Union County Manager
Charlene Webb, Grant County Manager (left meeting at 10:44 before the Loss Prevention Update)

Board Members Absent/Excused

Jhonathan Aragon, NMC Past President, Valencia County Deputy Manager
Terri Fortner, NMC President Elect, San Juan County Clerk
Annie Hogland, NMC President, Curry County Clerk
Diana Murillo, Dona Ana County Commissioner
Shirley Ragin, Bernalillo Deputy County Manager of Finance

NMC Staff Present

Mark Allen, General Counsel
Jamie Dalton, Workers' Compensation Adjuster
Kamie Denton, Workers' Compensation Manager
Joy Esparsen, Executive Director
Richard Garcia, Finance Director
Brandon Huss, Legal Bureau Chief
Robin Martinez, Multi-Line Claims Manager
Jennifer Ortiz, Multi-Line Claims Examiner Supervisor
Grace Philips, Risk Management Director
Greg Rees, Loss Prevention Manager
Cynthia Stephenson, Risk Management Specialist
Lori Urban, Asst. Risk Management Director

Guests Present

Phyllis Lynn, Lynn & Associates, LLC

Approval of Agenda

Charlene Webb made a motion to approve the agenda and Danny Monette seconded the motion, which passed unanimously via roll call vote: Lance Pyle, Charlene Webb, Roberta Gonzales, Lisa Sedillo-White, Cynthia Singleton, Greg Shaffer, Brandy Thompson, Kate Fletcher and Danny Monette.

Approval of Minutes of October 23, 2024, and November 14, 2024

Danny Monette made a motion to approve the August 14, 2024, minutes and Cynthia Singleton seconded the motion, which passed unanimously via roll call vote: Lance Pyle, Charlene Webb, Roberta Gonzales, Lisa Sedillo-White, Cynthia Singleton, Greg Shaffer, Brandy Thompson, Kate Fletcher and Danny Monette.

Executive Session – Pending and Threatened Litigation for Bernalillo and Eddy Counties Per New Mexico Open Meetings Act 10-15-7-H(7)

Danny Monette made a motion to go into executive session to discuss pending litigation in accordance with the Open Meetings Act 10-15-7-H(7) for Bernalillo and Eddy Counties. Charlene Webb seconded the motion, which passed via a roll call vote: Lance Pyle, Charlene Webb, Roberta Gonzales, Lisa Sedillo-White, Cynthia Singleton, Greg Shaffer, Brandy Thompson, Kate Fletcher and Danny Monette. Lance Pyle certified that the only things discussed were pending and threatened litigation for Bernalillo and Eddy Counties in accordance with the Open Meeting Act. Brandy Thompson made a motion to come out of executive session and Lance Pyle seconded the motion. Brandy Thompson made a motion to authorize the amounts as discussed by the Board in cases 2024-12-1, 2024-12-2, and 2024-12-3 and Kate Fletcher seconded the motion, which passed unanimously via a roll call vote: Lance Pyle, Charlene Webb, Roberta Gonzales, Lisa Sedillo-White, Cynthia Singleton, Greg Shaffer, Brandy Thompson, Kate Fletcher and Danny Monette.

Board Action Item

Approve NMCI Board 2025 Open Meetings Act Resolution

Danny Monette made a motion to approve the 2025 Open Meetings Act Resolution and Charlene Webb seconded the motion, which passed unanimously via roll call vote: Lance Pyle, Charlene Webb, Roberta Gonzales, Lisa Sedillo-White, Cynthia Singleton, Greg Shaffer, Brandy Thompson, Kate Fletcher and Danny Monette.

Executive Director Update

Joy Esparsen said NMC's Executive Committee met with the New Mexico Municipal League (NMML) Executive Committee on November 20 to discuss their respective legislative priorities. NMC's priorities include fixes to the Inspection of Public Records Act (IPRA) that are administrative and process related, designed to limit weaponization of the Act. The NMML executive committee expressed some concerns about NMC's equitable disclosure priority and will review the bill language. She discussed a property tax exemption for veterans scheduled to increase from \$4,000 to \$10,000 for disabled veterans who were disabled in the line of duty. She said a 10% disability would equate to a 10% reduction in property tax but expressed concerns about application of the rule. Greg Shaffer expressed that the

exemptions could create a redistribution burden that citizens likely did not understand when they voted for the state constitutional amendment.

Financial Reports

Richard Garcia referred members to the October 31, 2024, financials presented in the meeting book, noting the \$11 million deficit current net position, explaining the losses are driven by Law Enforcement but the Multi-Line and Workers' Compensation programs net positions of \$1.9 million and \$1.8 million respectively. He let the Board know that contributions for all three programs have been received and all capital adequacy invoices paid except for Taos County. He said he was in touch with the manager and finance and was hopeful to receive payment soon.

Risk Management Update

Grace Philips let members know she held two online meetings with county managers the week of November 18 regarding the 2025 renewals and that staff sent out deductible options to members, with a handful returned to date. She said she participated virtually in the Gallagher western directors meeting, met with Strategic Asset Alliance and Wells Fargo, will look at NMCI's relationship with Moreton Capital and will present information to the board in January.

Legal Bureau Update

Brandon Huss discussed a Las Cruces police shooting settlement of \$20 million, noting he has used IPRA to try to find out where the money to pay the settlement is coming from, as the verdict was reached last month. He also let the board know a Rio Rancho man received a \$400 million jury award last month in a medical malpractice case with an additional \$40 million in compensatory damages.

Loss Prevention Update

Greg Rees let members know every county has completed the terms of their Lexipol service agreement, noting a full update on the program is in the board book. He said he has completed the selection process for a loss prevention specialist, noting Angelo Gurule will retire from Chaves County at the end of the year and will come work for NMC and that he's working part-time now on Fridays.

Workers' Compensation Update

Kamie Denton said the Governor appointed Heather Jordan to replace Robert Doucette as director of the Workers' Compensation Administration. She said Heather has worked for the WCA since 2015. She said Judge Shannon Riley was let go but didn't know the reason. She told the Board she has an interview scheduled this Friday with a promising candidate for the open workers' compensation adjuster position. She said she promoted two employees, Jamie Dalton to senior adjuster and Jessica Atkins to claims specialist, noting they have eight and three years with NMC respectively. She said she is looking at a return-to-work program and will provide more information in the future.

Other Business

No other business was discussed.

Adjournment

Danny Monette made a motion to adjourn the meeting and Lance Pyle seconded the motion. The meeting was adjourned at 10:52 p.m.

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 4.A.	<u>Item Title:</u> Elect NMCIA Officers (Chair, Vice Chair, NMC Rep)
<u>Presenter (s):</u> Lance Pyle, Chair	
Chair Motion by:	Seconded by:
Vice Chair Motion by:	Seconded by:
NMC Representative Motion by:	Seconded by:

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 4.B.	<u>Item Title:</u> Ratify Election of Board Members and Dona Ana County Board Appointment
<u>Presenter (s):</u> Lance Pyle, Chair	
Motion by: _____ Seconded by: _____	

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 4.C.	<u>Item Title:</u> Fill Litigation Claims Committee Vacancy
<u>Presenter (s):</u> Lance Pyle, Chair	
Motion by:	Seconded by:



NMCIA Committees

LITIGATION CLAIMS COMMITTEE

<p>Lisa Sedillo-White <i>Bernalillo Deputy County Manager for General Services</i></p> <p>415 Silver SW Albuquerque, NM 87102 Work: 505-468-7013 Cell: 505-264-9440 E-Mail lswhite@bernco.gov</p>	<p>Kate Fletcher <i>Cibola County Manager</i></p> <p>700 Roosevelt Ave., – Suite 50 Grants, NM 78020 Work (505) 285-2590 Cell (505)285-8052 Kate.fletcher@co.cibola.nm.us</p>	<p>Vacant</p>
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<p>Charlene Webb <i>Grant County Manager</i></p> <p>PO Box 898 Silver City, NM 88062 Work (575) 574-0008 Cell (575) 574-8675 cwebb@grantcountynm.gov</p>

Alternate:
Gregory S. Shaffer
Santa Fe County Manager
 102 Grant Ave.
 Santa Fe, NM 87504
 Work (505) 986-6200
gshaffer@santafecountynm.gov

FINANCE AND AUDIT COMMITTEE

<p>Gregory S. Shaffer <i>Santa Fe County Manager</i></p> <p>102 Grant Ave. Santa Fe, NM 87504 Work (505) 986-6200 gshaffer@santafecountynm.gov</p>	<p>Brandy Thompson <i>Union County Manager</i></p> <p>200 Court St. / PO Box 430 Clayton, NM 88415 Work (575) 374-8896 ext. 4 Cell (575) 207-8896 brandy.thompson@unionnm.us</p>	<p>Shirley Ragin <i>Bernalillo Deputy County Manager of Finance</i></p> <p>415 Silver SW Albuquerque, NM 87102 Work (505)468-7308 Cell (505) 250-4621 sragin@bernco.gov</p>
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<p>Lisa Sedillo-White <i>Bernalillo Deputy County Manager for General Services</i></p> <p>415 Silver SW Albuquerque, NM 87102 Work: 505-468-7013 Cell: 505-264-9440 lswhite@bernco.gov</p>
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Alternate:
Lance Pyle
Curry County Manager
 417 Gidding, Suite 100
 Clovis, NM 88311
 Work (575) 763-6016
 Cell (575)799-1405
lpyle@currycounty.org

UNDERWRITING COMMITTEE

<p>Lisa Sedillo-White <i>Bernalillo Deputy County Manager for General Services</i></p> <p>415 Silver SW Albuquerque, NM 87102 Work: 505-468-7013 Cell: 505-264-9440 lswhite@bernco.gov</p>	<p>Gregory S. Shaffer <i>Santa Fe County Manager</i></p> <p>102 Grant Ave. Santa Fe, NM 87504 Work (505) 986-6200 gshaffer@santafecountynm.gov</p>	<p>Lance Pyle <i>Curry County Manager</i></p> <p>417 Gidding, Suite 100 Clovis, NM 88311 Work (575) 763-6016 Cell (575)799-1405 lpyle@currycounty.org</p>
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Cynthia Singleton
Claims Manager

100 South Oliver Drive
Aztec, NM 87410
Work (505) 334-4509
Cell (505) 419-6059
cynthia.singleton@sjcounty.net

Alternate:
Kate Fletcher
Cibola County Manager

700 Roosevelt Ave. – Suite 50
Grants, NM 78020
Work (505) 285-2590
Cell (505)285-8052
Kate.fletcher@co.cibola.nm.us

STRATEGIC PLANNING COMMITTEE

<p>Jhonathan Aragon <i>Valencia County Deputy Manager</i></p> <p>PO Box 1119 Los Lunas, NM 87031 Home: (505) 916-0538 Cell: (505) 610-0870 jhonathan.aragon@co.valencia.nm.us</p>	<p>Brandy Thompson <i>Union County Manager</i></p> <p>200 Court St. / PO Box 430 Clayton, NM 88415 Work (575) 374-8896 ext. 4 Cell (575) 207-8896 brandy.thompson@unionnm.us</p>	<p>Lisa Sedillo-White <i>Bernalillo Deputy County Manager for General Services</i></p> <p>415 Silver SW Albuquerque, NM 87102 Work (505) 468-7013 Cell (505) 264-9440 lswhite@bernco.gov</p>
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Staff:

Grace Philips
Risk Management Director

Cynthia Stephenson
Risk Management Specialist

Lori Urban
Asst. Risk Management Director

DETENTION COMMITTEE

<p>Shirley Ragin <i>Bernalillo Deputy County Manager for Finance</i></p> <p>415 Silver SW Albuquerque, NM 87102 Work: 505-468-7308 Cell: 505-250-4621 sragin@bernco.gov</p>	<p>VACANT</p>	<p>Name <i>Detention Affiliate Representative</i></p> <p>Street Address City/State/Zip Work (xxx) xxx-xxxx Cell (xxx) xxx-xxxx email</p>
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Staff:

Grace Philips
Risk Management Director

Greg Rees
Loss Prevention Manager

Mark Allen
General Counsel

Clay Corn
Loss Prevention Specialist

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 5.A.	<u>Item Title:</u> Investment Update
<u>Presenter (s):</u> Ryan Salmon, Managing Director, Investment Officer / PIM Portfolio Manager Salmon Hauger Wealth Management Group of Wells Fargo Advisors	

Economic and Market Strategy Update


January 2025

Investment and Insurance Products: ► NOT FDIC Insured ► NO Bank Guarantee ► MAY Lose Value

Factors that affect the global economy

Global economic forces

TAILWINDS

- 
- Federal Reserve (Fed) still easing monetary policy
 - Bank credit standards least restrictive in two years
 - Post-election prospects for deregulation support business confidence, spending decisions
 - Early-2025 liquidity infusion as U.S. Treasury drains cash during debt-ceiling debate
 - Late-cycle financial stress unusually low, overall.
 - Adequate real (inflation-adjusted) income growth from wage gains above inflation
 - Manufacturing supported by looming tariffs prompting front-loaded inventory buildup
 - Productivity-enhancing investment, including artificial intelligence (AI), lifts growth potential
 - Still sizeable cash balances among upper-income groups¹, with household wealth further boosted by post-election stock rally
 - Secular strength in electric grid, data center, AI-related investment

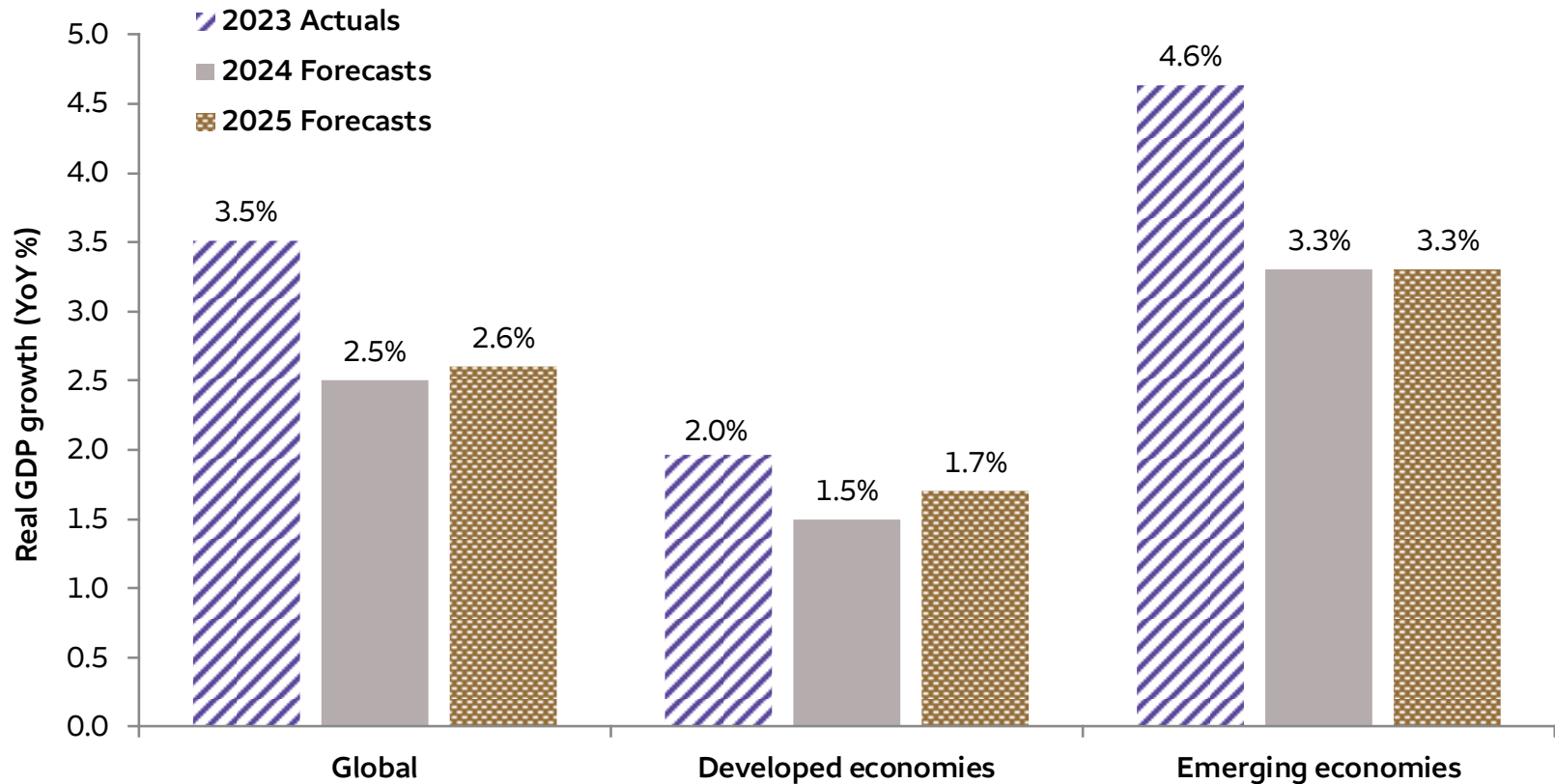
HEADWINDS

- 
- Approaching end to Fed rate-cutting cycle
 - Cooling labor market contributes to temporary consumer spending slowdown
 - Increased tariffs and tighter immigration controls risk higher inflation
 - Lingering financial strains among small businesses, lower- and middle-income families
 - Elevated home prices and higher mortgage rates hamper full-blown housing recovery
 - Supply-chain erosion tied to geopolitical disruptions, weather, market imbalances
 - Rising bond yields responding to inflation concerns, elevated government borrowing
 - Unbalanced, services-centric growth leaves economy vulnerable to “shocks”
 - A potential deflationary shock tied to a strengthening U.S. dollar, lagged response to long-term rate increases on economic growth

Global GDP outlook

We expect the pace of global economic growth to pick up slightly in 2025

Global GDP growth



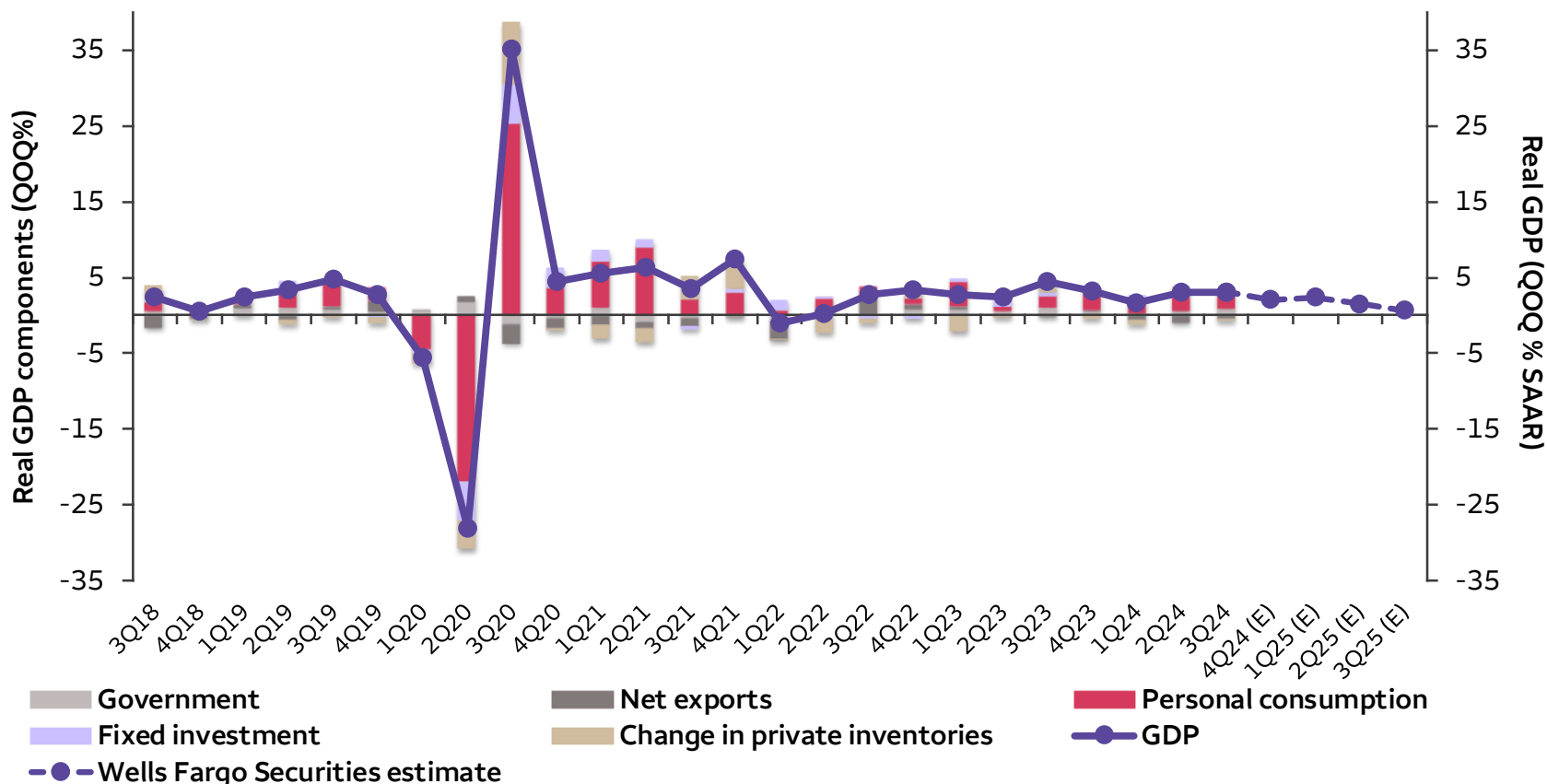
Sources: Bloomberg and Wells Fargo Investment Institute. 2023 is the average % change from the same period one year prior (i.e., 2023 versus 2022). The 2023 actuals are from Bloomberg and Wells Fargo Investment Institute as of and December 31, 2023. 2024 and 2025 forecasts are Wells Fargo Investment Institute forecasts as of January 16, 2025. GDP = Gross Domestic Product. YoY = year-over-year.

Forecasts and estimates are not guaranteed and based on certain assumptions and on views of market and economic conditions which are subject to change.

U.S. GDP outlook

GDP growth is expected to remain solid in 2025

GDP growth expected to improve

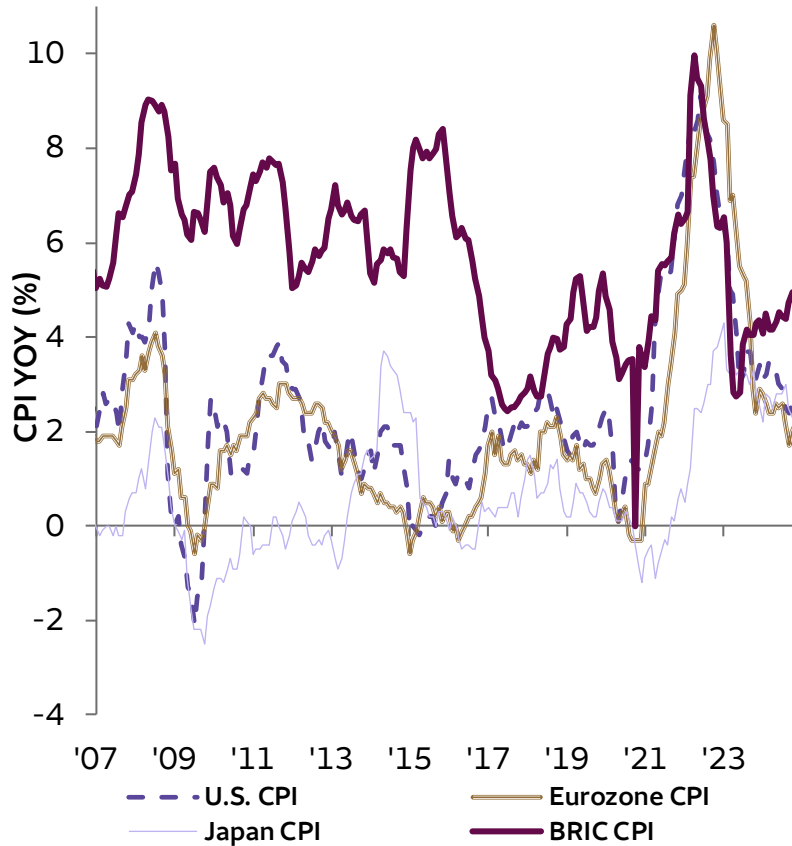


Source: Bloomberg, Bureau of Economic Analysis, Wells Fargo Securities Economics Group, and Wells Fargo Investment Institute. Quarterly data from July 1, 2018, to December 31, 2024. Fourth quarter 2024 through third quarter 2025 data are Wells Fargo Securities Economics Group forecasts as of December 12, 2024. QOQ = quarter over quarter. SAAR = Seasonally Adjusted Annual Rate. GDP = Gross Domestic Product. **Forecasts and estimates are not guaranteed and based on certain assumptions and on views of market and economic conditions which are subject to change.** Wells Fargo Corporate & Investment Banking (CIB) and Wells Fargo Securities (WFS) are the trade names used for the corporate banking, capital markets, and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC, member of NYSE, FINRA, NFA, and SIPC, Wells Fargo Prime Services, LLC, member of FINRA, NFA and SIPC, and Wells Fargo Bank, N.A., member NFA and swap dealer registered with the CFTC and security-based swap dealer registered with the SEC, Wells Fargo Securities, LLC and Wells Fargo Prime Services, LLC, are distinct entities from affiliated banks and thrifts.

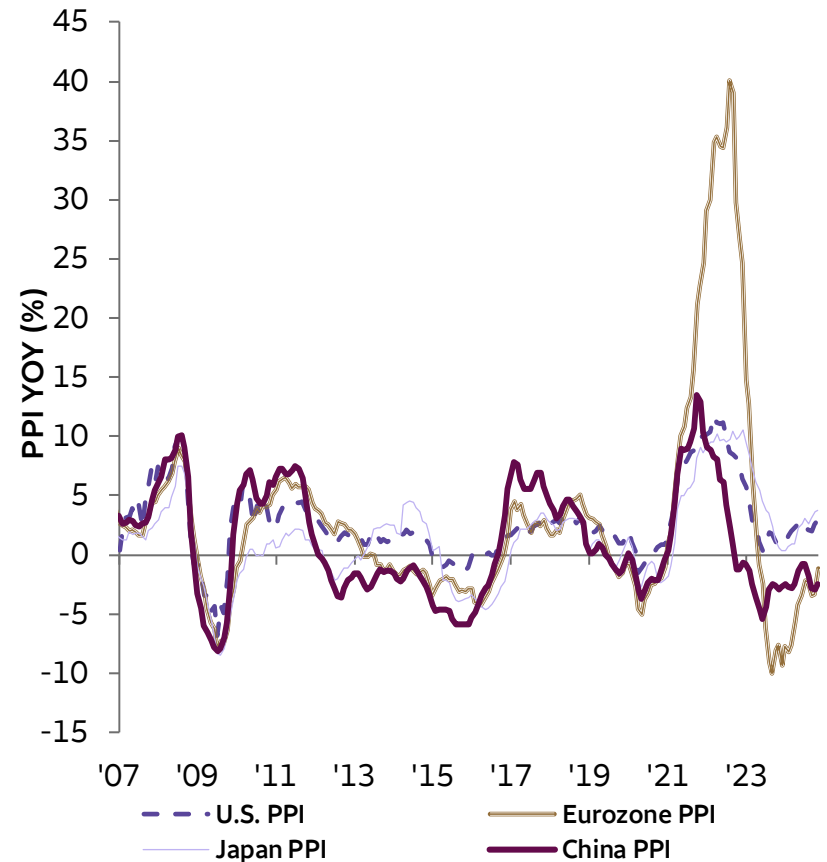
Inflation remains above pre-pandemic levels

We expect consumer price inflation to tick up later in 2025

Consumer Price Index (CPI)



Producer Price Index (PPI)

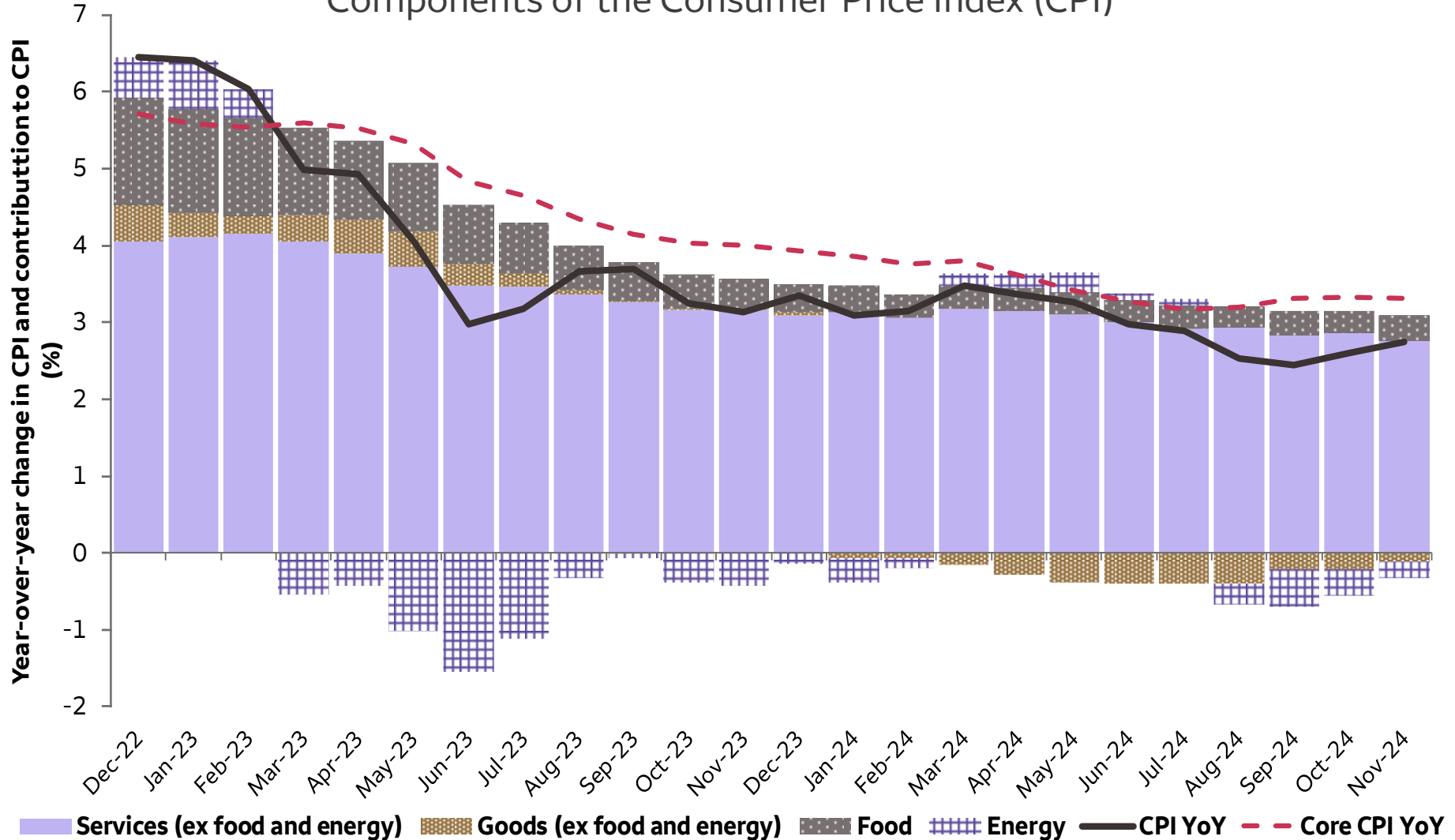


Sources: Bloomberg and Wells Fargo Investment Institute. Monthly data from January 1, 2007, to November 30, 2024, except for eurozone CPI and China PPI which are as of December 31, 2024. BRIC is an acronym for the economies of Brazil, Russia, India, and China. Consumer Price Index (CPI) measures the price of a fixed basket of goods and services purchased by an average consumer. Producer Price Index (PPI) measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services. YOY = year-over-year.

Inflation's decline may get bumpy in the months ahead

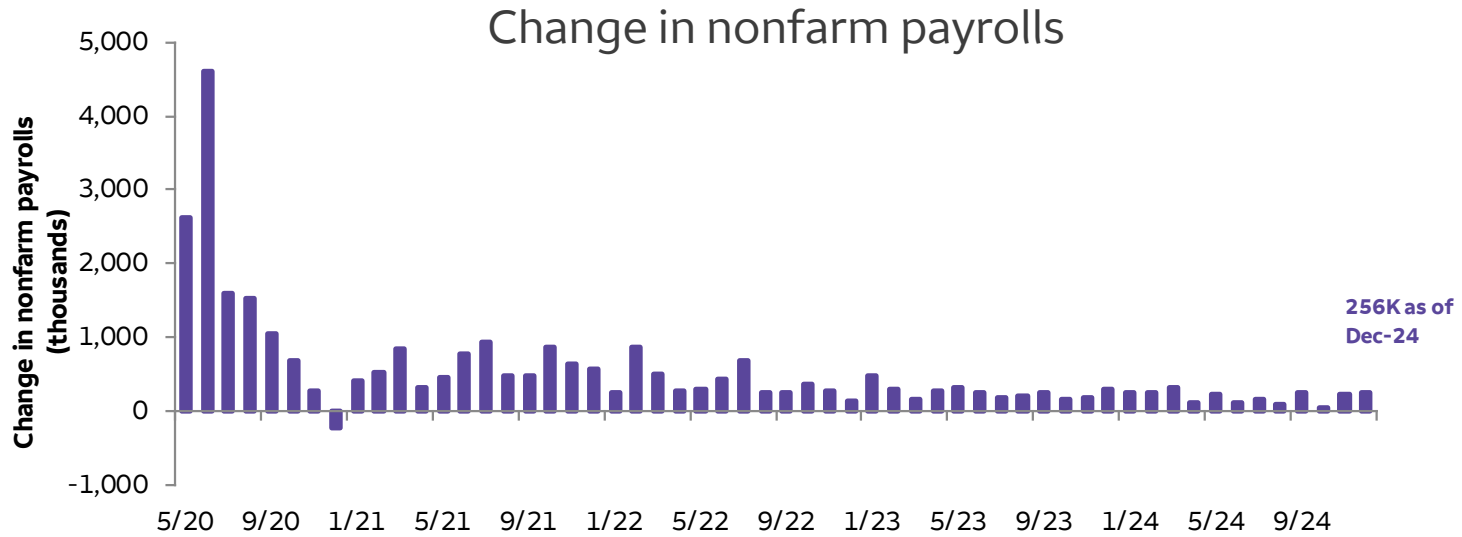
Services and core inflation have been slower to ease amid strong demand

Components of the Consumer Price Index (CPI)



U.S. labor market remains resilient

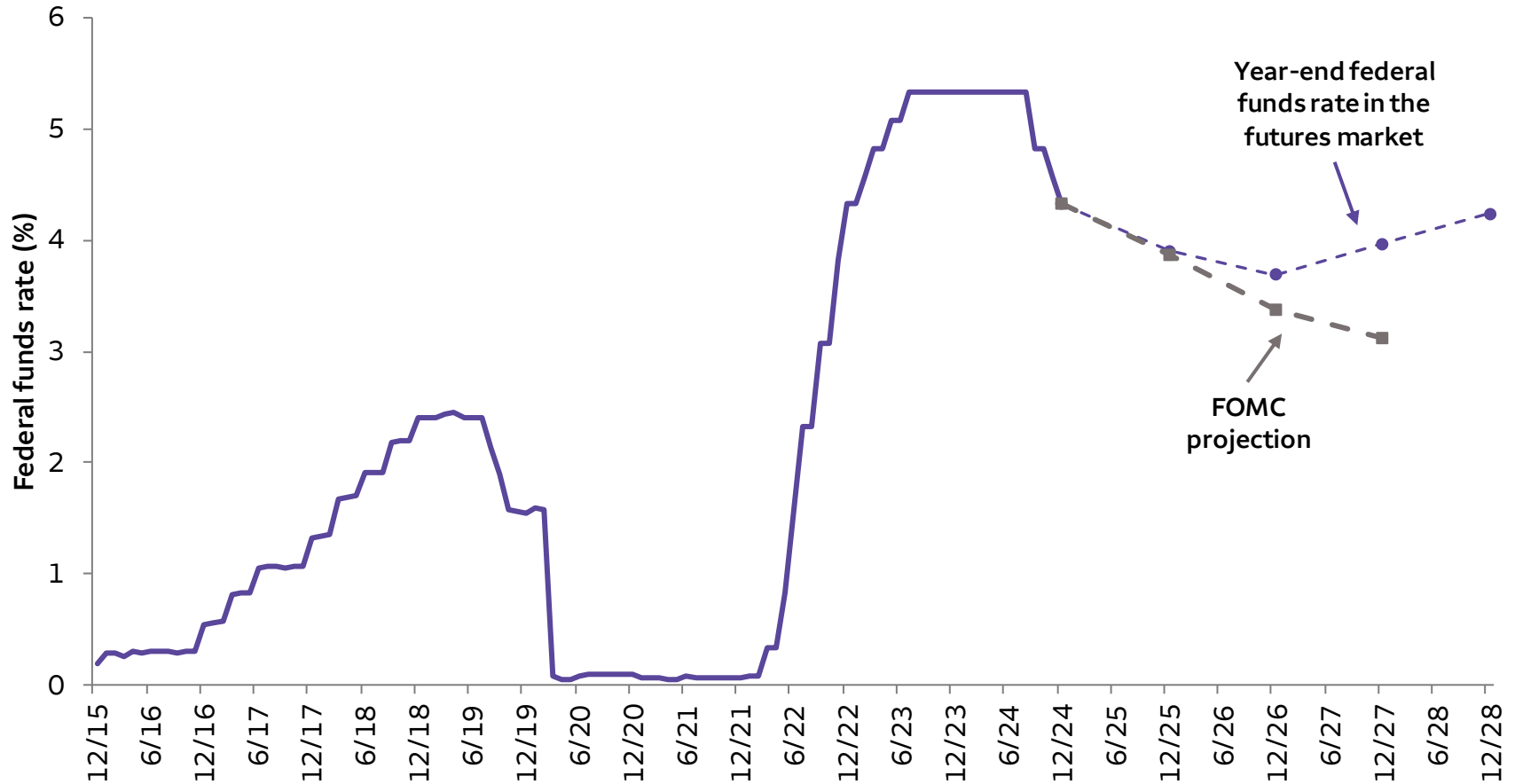
Jobless claims remain near historic lows, while nonfarm payroll growth still solid



Interest rate expectations

The futures market is anticipating higher rates than the Federal Reserve

The Federal Reserve is tightening monetary policy

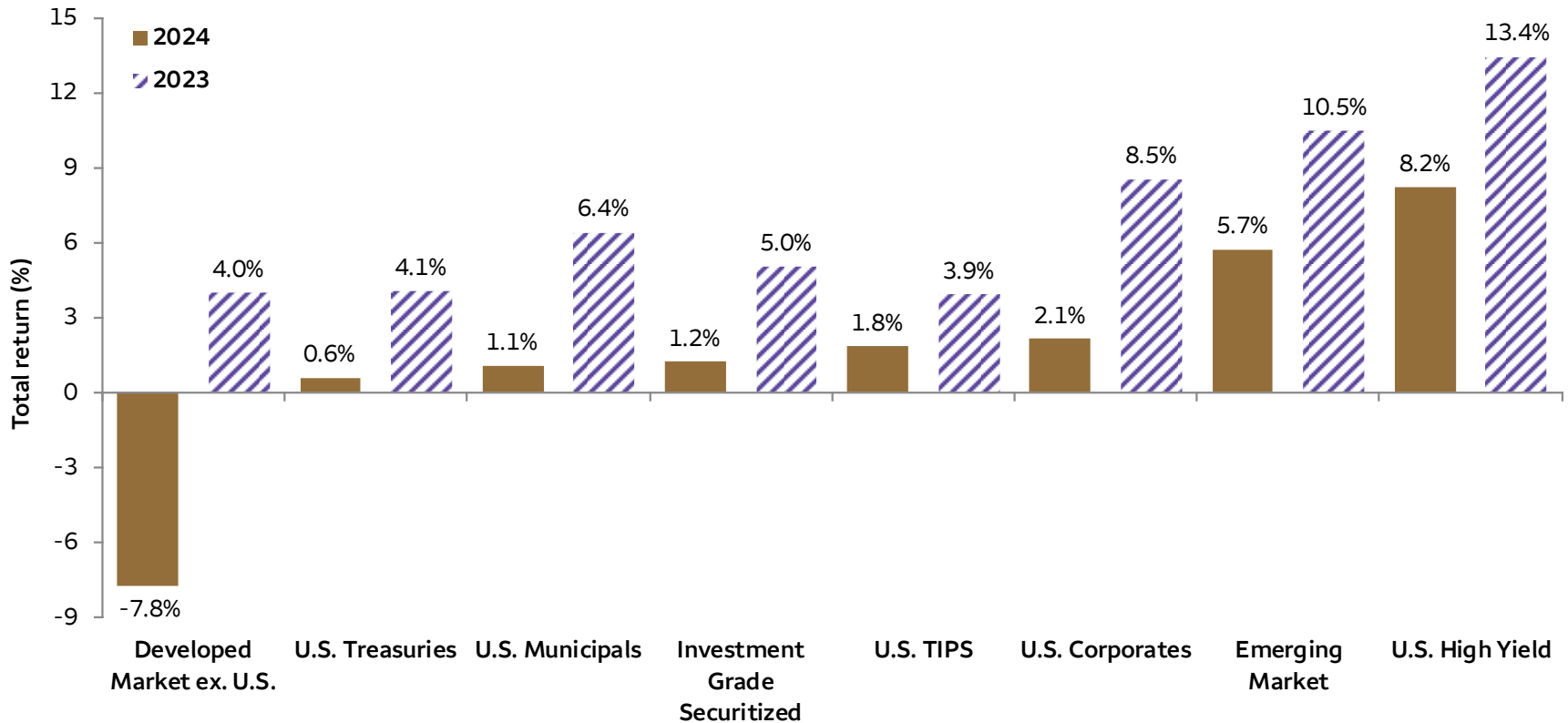


Sources: Bloomberg, Federal Reserve Board, and Wells Fargo Investment Institute. Monthly data from December 1, 2015, to December 31, 2024. 2025-2028 forecasts are as of December 31, 2024. 2025 - 2027 FOMC projections are the median Federal Open Market Committee (FOMC) projections as of December 18, 2024. **Forecasts are not guaranteed and based on certain assumptions and on views of market and economic conditions which are subject to change.**

Fixed income performance

Most fixed income assets were up in 2024 amid yield volatility

Fixed income market total returns



Sources: Bloomberg and Wells Fargo Investment Institute. Total return as of December 31, 2024. Investment Grade Securitized: Bloomberg Mortgage-Backed Securities Index; U.S. TIPS: Bloomberg U.S. TIPS Index; U.S. Treasuries: Bloomberg U.S. Treasury Index; U.S. Corporates: Bloomberg U.S. Corporate Bond Index; U.S. High Yield: Bloomberg U.S. Corporate High Yield Index; U.S. Municipals: Bloomberg U.S. Municipal Bond Index; Developed Market ex U.S.: JPMorgan Government Bond Index Global ex-U.S.; Emerging Market: JPMorgan Emerging Markets Bond Index. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Please see the following page for risks associated with the representative asset classes and the definitions of the indexes.

Fixed income performance disclosures

Risk considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. All investing involves risk including the possible loss of principal.

Bonds are subject to interest rate, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. **High yield fixed income** securities are considered speculative, involve greater risk of default, and tend to be more volatile than investment grade fixed income securities. Although **Treasuries** are considered free from credit risk, they are subject to other types of risks. These risks include interest rate risk, which may cause the underlying value of the bond to fluctuate. **Treasury Inflation-Protected Securities (TIPS)** are subject to interest rate risk, especially when real interest rates rise. This may cause the underlying value of the bond to fluctuate more than other fixed income securities. TIPS have special tax consequences, generating phantom income on the “inflation compensation” component of the principal. A holder of TIPS may be required to report this income annually although no income related to “inflation compensation” is received until maturity. **Municipal bonds** offer interest payments exempt from federal taxes, and potentially state and local income taxes. Municipal bonds are subject to credit risk and potentially the Alternative Minimum Tax (AMT). Quality varies widely depending on the specific issuer. Municipal securities are also subject to legislative and regulatory risk which is the risk that a change in the tax code could affect the value of taxable or tax-exempt interest income. **Mortgage-backed securities** are subject to prepayment, extension and call risks. Changes in prepayments may significantly affect yield, average life and expected maturity. **Foreign securities** entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging markets.

Index definitions

Bloomberg U.S. Corporate Bond Index includes publicly issued U.S. corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

Bloomberg U.S. Corporate High Yield Bond Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg U.S. Mortgage-Backed Securities Index measures the performance of investment grade fixed-rate mortgage-backed pass-through securities of GNMA, FNMA and FHLMC.

Bloomberg U.S. Municipal Bond Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds.

Bloomberg U.S. TIPS Index is an unmanaged market index comprised of all U.S. Treasury Inflation-Protected Securities rated investment grade, have at least one year to final maturity, and at least \$500 million par amount outstanding.

Bloomberg U.S. Treasury Index measures the total return US dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

JPMorgan Emerging Markets Bond Index (EMBI Global) covers 27 emerging market countries. Included in the EMBI Global are U.S.-dollar-denominated Brady bonds, Eurobonds, traded loans, and local market debt instruments issued by sovereign and quasi-sovereign entities.

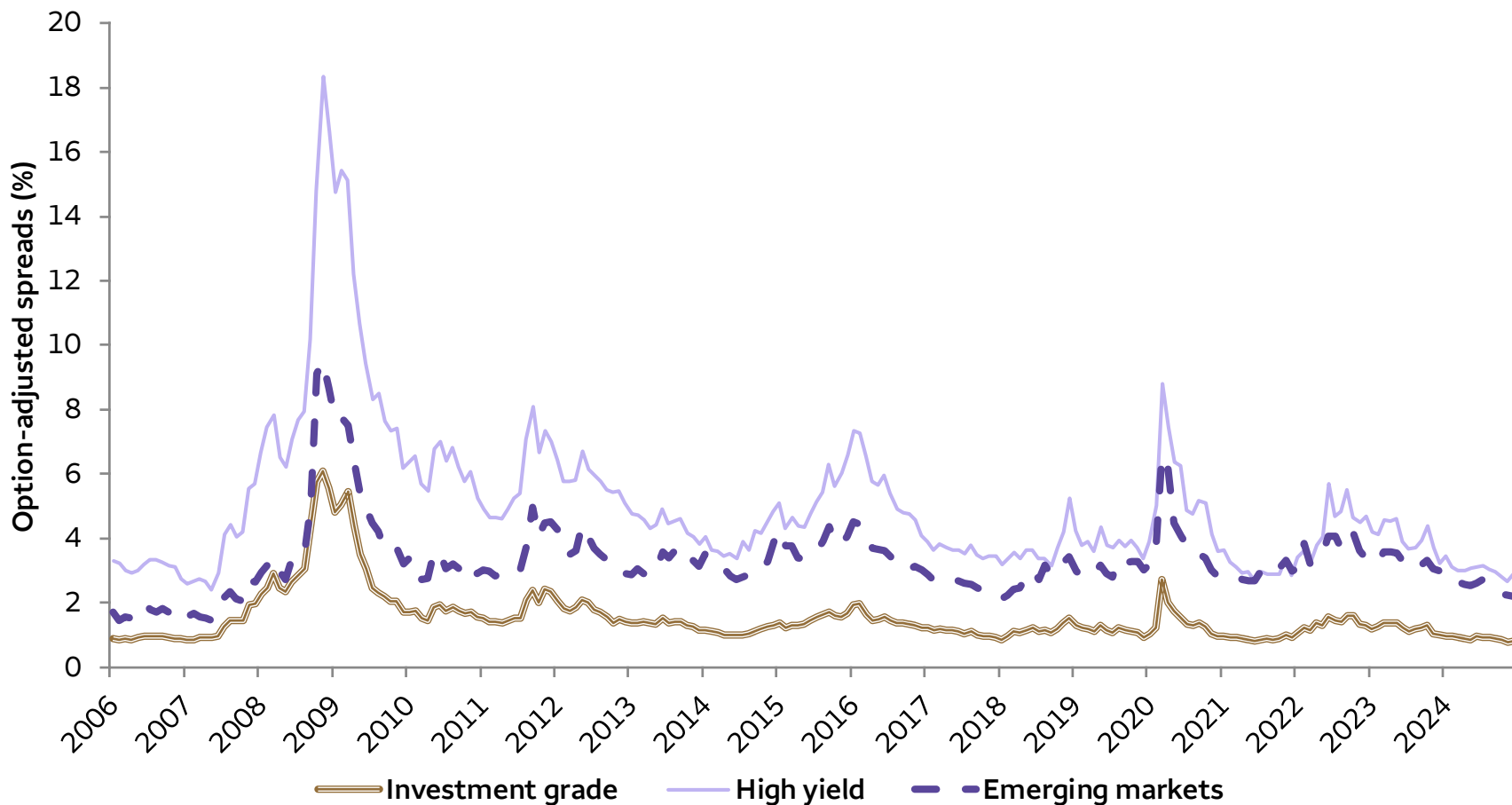
JPMorgan Government Bond Index Global ex-U.S. measures the performance of non-U.S. government bonds.

An index is unmanaged and not available for direct investment.

Credit markets

Credit spreads remain subdued compared to prior economic and market shocks

Credit market spreads



Sources: Bloomberg and Wells Fargo Investment Institute. Monthly data from January 1, 2006, to December 31, 2024. Credit spreads are based on the Bloomberg U.S. Corporate Bond Index, Bloomberg U.S. Corporate High Yield Index, and Bloomberg Emerging Markets Bond Index. The data shown represents the yield differential between the indexes and their comparable maturity U.S. Treasury security, adjusted for the effects of embedded options, a call feature in which the issuer retains the right to retire the debt, fully or partially before the scheduled maturity. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Please see the following page for risks associated with the representative asset classes and the definitions of the indexes.

Credit markets disclosures

Risk considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. All investing involves risk including the possible loss of principal.

Bonds are subject to interest rate, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. **High yield fixed income** securities are considered speculative, involve greater risk of default, and tend to be more volatile than investment grade fixed income securities. **Foreign securities** entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging markets.

Index definitions

Bloomberg U.S. Corporate Bond Index includes publicly issued U.S. corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

Bloomberg U.S. Corporate High Yield Bond Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Emerging Markets Bond Index is a flagship hard currency emerging markets debt benchmark that includes USD denominated debt from sovereign, quasi-sovereign, and corporate emerging markets issuers.

An index is unmanaged and not available for direct investment.

Market outlook

Equity	2025 year-end forecasts	Year-end 2024	Year-end 2023
S&P 500 Index	6500-6700	5882	4770
S&P 500 Index EPS	\$275	\$243	\$225
Russell Midcap Index	4100-4300	3534	3112
Russell 2000 Index	2700-2900	2230	2027
MSCI EAFE Index	2400-2600	2262	2236
MSCI Emerging Markets Index	1100-1300	1075	1024
Fixed income	2025 year-end forecasts	Year-end 2024	Year-end 2023
U.S. federal funds rate	4.00-4.25%	4.25-4.50%	5.25-5.50%
10-year U.S. Treasury	4.50-5.00%	4.57%	3.88%
30-year U.S. Treasury	4.75-5.25%	4.78%	4.03%
Commodities	2025 year-end forecasts	Year-end 2024	Year-end 2023
WTI crude oil (\$ per barrel)	\$85-\$95	\$72	\$72
Brent crude oil (\$ per barrel)	\$90-\$100	\$75	\$77
Gold (\$ per troy ounce)	\$2800-\$2900	\$2,625	\$2,063
Bloomberg Commodity Index	250-270	239	226

Sources: Bloomberg and Wells Fargo Investment Institute. 2025 forecasts as of January 16, 2025. All 2024 data is as of December 31, 2024. 2024 S&P 500 Index EPS is the Bloomberg consensus estimate for full year 2024. All 2023 data is as of December 31, 2023. Forecasts: Wells Fargo Investment Institute estimates. EPS = earnings per share. WTI = West Texas Intermediate which is a grade of crude oil used as a benchmark in oil pricing. Bloomberg Commodity Index target represents total return. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results. Forecasts and estimates are not guaranteed and based on certain assumptions and on our current views of market and economic conditions, which are subject to change.** Please see the following page for risks associated with the representative asset classes and the definitions of the indexes.

Market outlook disclosures

Risk considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. All investing involves risk including the possible loss of principal.

Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments. **Small and mid-sized company stocks** involve greater risks than those customarily associated with larger companies. They often involve higher risks because of smaller and mid-sized companies may lack the management expertise, financial resources, product diversification and competitive strengths to endure adverse economic conditions.

Bonds are subject to interest rate, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. Although **Treasuries** are considered free from credit risk, they are subject to other types of risks. These risks include interest rate risk, which may cause the underlying value of the bond to fluctuate.

Foreign securities entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging markets.

Commodities may be affected by changes in overall market movements, commodity index volatility, changes in interest rates or factors affecting a particular industry or commodity.

Index definitions

Bloomberg Commodity Index is comprised of 22 exchange-traded futures on physical commodities and represents 20 commodities weighted to account for economic significance and market liquidity.

MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index.

Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 90% of the total market capitalization of the Russell 3000 Index.

Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the U.S. stock market.

An index is unmanaged and not available for direct investment.

Disclosures

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Advisors

LifeSync

Client Overview

Prepared for NMCI Board

January 18, 2025

Prepared by:

SALMON HAUGER WEALTH MGMT OF WELLS FARGO ADVISORS

This report is not complete without all sections noted in the Table of Contents. Please read each section carefully.

Investment and Insurance Products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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Net Worth Statement

\$77,556,867

Total assets

\$0

Total liabilities

\$77,556,867

Net worth

Internal investment assets

Account number	Description	Last updated	Market value
XXXX2635	NMCIA ML ^P	12/31/2024	\$27,997,107
XXXX2461	NMCIA LE ^P	12/31/2024	\$25,046,650
XXXX2548	NMCIA WC ^P	12/31/2024	\$24,513,111
			\$77,556,867

^P Indicates an account included in the performance information within the report.

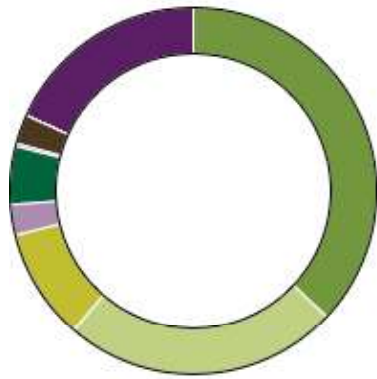
"Last updated" date depicted represent the most recent date market values have been updated.

Internal investment assets and market values are automatically updated and based on market close of the previous business day. Please review the "Last updated" date for all other assets and liabilities and provide updated values to us.

This statement represents your securities portfolio and assets and liabilities based on holdings at our firm or information supplied by you. This report may not include all of your household accounts. The statement does not supersede your statements, policies, or trade confirmations, which we consider the official and accurate records of your accounts or policies. The information provided for assets not held at Wells Fargo Advisors has not been verified; these assets may not be covered by SIPC.

Asset Allocation: Asset Class Detail w/Holding(s)

As of 01/17/2025 for your combined accounts



- U.S. Short Term Taxable Fixed Income (37.06%)
- U.S. Intermediate Term Taxable Fixed Income (24.32%)
- U.S. Long Term Taxable Fixed Income (9.82%)
- High Yield Taxable Fixed Income (2.68%)
- Developed Market Ex-U.S. Fixed Income (5.20%)
- Emerging Market Fixed Income (0.12%)
- Inflation-Linked Fixed Income (2.57%)
- Preferred Stock (0.00%)
- Specialty Assets (0.00%)
- Taxable Cash Alternatives (18.23%)

Asset class/Security description	Ticker/Cusip	% of Fund	Quantity	Price	Market value	Allocation %
U.S. Short Term Taxable Fixed Income					\$27,607,903	37.1%
FIDELITY MERRIMACK ETF	FLDR	36.3%	-	50.05	\$438,953	0.6%
ISHARES AGCY BOND ETF	AGZ	53.3%	-	108.26	\$1,058,381	1.4%
ISHARES MBS ETF	MBB	4.6%	-	91.59	\$117,492	0.2%
JANUS HENDERSON SHRT ETF	VNLA	41.4%	-	48.97	\$507,407	0.7%
JPMORGAN ULTRA-SHORT ETF	JPST	36.8%	-	50.49	\$446,602	0.6%
PIMCO ETF TRUST ETF	MINT	42.7%	-	100.58	\$517,382	0.7%
SPDR PORTFOLIO ETF	SPIB	20.2%	-	32.77	\$947,687	1.3%
SPDR PORTFOLIO ETF	SPMB	1.2%	-	21.51	\$18,537	0.0%
SPDR PORTFOLIO SHORT ETF	SPSB	71.8%	-	29.92	\$1,458,107	2.0%
UST NTS 4% 011527	91282CJT9	-	1,750,000	99.45	\$1,740,288	2.3%
UST NTS 2.75% 043027	91282CEN7	-	750,000	96.68	\$725,093	1.0%
UST NTS 3.875%033125	91282CGU9	-	750,000	99.92	\$749,385	1.0%
UST NTS 4.125%021527	91282CKA8	-	1,750,000	99.66	\$1,743,980	2.3%
UST NTS 4.25% 031527	91282CKE0	-	1,750,000	99.89	\$1,748,005	2.4%
UST NTS 4.25% 053125	91282CHD6	-	750,000	99.96	\$749,685	1.0%
UST NTS 1.375% 013125	912828Z52	-	2,000,000	99.92	\$1,998,360	2.7%
UST NTS 3.875% 043025	91282CGX3	-	750,000	99.85	\$748,898	1.0%
UST NTS 4.125% 013125	91282CGG0	-	750,000	99.99	\$749,933	1.0%
UST NTS 4.625% 022825	91282CGN5	-	750,000	100.02	\$750,143	1.0%

Asset class/Security description	Ticker/Cusip	% of Fund	Quantity	Price	Market value	Allocation %
UST NTS 4.625% 063025	91282CHL8	-	1,700,000	100.14	\$1,702,414	2.3%
VANGUARD MTG BACK ETF	VMBS	2.5%	-	45.31	\$91,190	0.1%
VANGUARD SHORT-TERM ETF	VGSH	96.4%	-	58.26	\$6,274,066	8.4%
VANGUARD SHRT TRM CP ETF	VCSH	37.6%	-	78.13	\$2,325,918	3.1%
U.S. Intermediate Term Taxable Fixed Income					\$18,118,207	24.3%
FIDELITY MERRIMACK ETF	FLDR	6.7%	-	50.05	\$80,783	0.1%
G2 3430 6% 8/20/33	36202DY39	-	600,000	102.07	\$6,308	0.0%
G2 3735 5% 07/20/35	36202EEG0	-	1,879,718	99.21	\$29,782	0.0%
G2 3747 5% 08/20/35	36202EEU9	-	1,920,000	99.15	\$33,884	0.1%
G2 3852 6% 05/20/36	36202EH51	-	1,500,000	103.92	\$20,927	0.0%
G2 3939 5% 01/20/37	36202ELU1	-	830,000	99.21	\$7,488	0.0%
G2 3966 6% 03/20/37	36202EMP1	-	1,500,000	103.92	\$16,486	0.0%
G2 4084 5.5% 02/20/38	36202ERD3	-	3,000,000	102.31	\$35,976	0.1%
G2 4097 5% 03/20/38	36202ERS0	-	1,200,000	99.21	\$15,754	0.0%
G2 4369 5% 022039	36202E2A6	-	1,000,000	99.09	\$15,988	0.0%
G2 4800 4% 092040	36202FKM7	-	1,000,000	94.35	\$47,951	0.1%
G2 781642 5.5% 08/20/33	36225BZF8	-	2,100,000	101.93	\$27,309	0.0%
GN II 3403 5.5% 6/20/33	36202DX89	-	500,000	101.21	\$4,839	0.0%
GN II 3415 5.5% 7/20/33	36202DYL9	-	1,000,000	101.47	\$11,963	0.0%
GNMA 572198 5.5%10/15/33	36200TUX4	-	250,000	101.66	\$1,481	0.0%
GNMA 781414 5.5% 3/15/32	36225BSB5	-	1,595,000	100.42	\$7,186	0.0%
GNMA II 3094 6% 06/20/31	36202DNK3	-	265,000	102.89	\$711	0.0%
ISHARES 10 PLUS YEAR ETF	IGLB	0.0%	-	49.35	\$31	0.0%
ISHARES AGCY BOND ETF	AGZ	31.6%	-	108.26	\$627,313	0.8%
ISHARES MBS ETF	MBB	50.5%	-	91.59	\$1,297,996	1.7%
JANUS HENDERSON SHRT ETF	VNLA	8.8%	-	48.97	\$108,065	0.2%
JPMORGAN ULTRA-SHORT ETF	JPST	1.2%	-	50.49	\$14,111	0.0%
PIMCO ACTIVE BOND ETF††	BOND	-	39,414	90.35	\$3,561,055	4.8%
PIMCO ETF TRUST ETF	MINT	4.1%	-	100.58	\$49,626	0.1%
SPDR PORTFOLIO ETF	SPIB	38.2%	-	32.77	\$1,795,989	2.4%
SPDR PORTFOLIO ETF	SPMB	39.9%	-	21.51	\$598,090	0.8%
SPDR PORTFOLIO SHORT ETF	SPSB	6.1%	-	29.92	\$124,130	0.2%
VANGUARD MTG BACK ETF	VMBS	44.6%	-	45.31	\$1,652,870	2.2%
VANGUARD SCOTTSDALE ETF	VGIT	78.6%	-	58.01	\$5,272,744	7.1%

Asset class/Security description	Ticker/Cusip	% of Fund	Quantity	Price	Market value	Allocation %
VANGUARD SHORT-TERM ETF	VGSH	3.1%	-	58.26	\$202,666	0.3%
VANGUARD SHRT TRM CP ETF	VCSH	39.6%	-	78.13	\$2,448,704	3.3%
■ U.S. Long Term Taxable Fixed Income					\$7,316,302	9.8%
FIDELITY MERRIMACK ETF	FLDR	12.4%	-	50.05	\$150,508	0.2%
ISHARES 10 PLUS YEAR ETF	IGLB	78.5%	-	49.35	\$316,982	0.4%
ISHARES AGCY BOND ETF	AGZ	12.5%	-	108.26	\$247,463	0.3%
ISHARES MBS ETF	MBB	44.9%	-	91.59	\$1,152,714	1.6%
JANUS HENDERSON SHRT ETF	VNLA	0.3%	-	48.97	\$3,589	0.0%
JPMORGAN ULTRA-SHORT ETF	JPST	1.1%	-	50.49	\$13,797	0.0%
PIMCO ETF TRUST ETF	MINT	2.5%	-	100.58	\$30,220	0.0%
SPDR PORTFOLIO ETF	SPIB	21.3%	-	32.77	\$1,000,372	1.3%
SPDR PORTFOLIO ETF	SPMB	53.7%	-	21.51	\$804,821	1.1%
SPDR PORTFOLIO SHORT ETF	SPSB	0.2%	-	29.92	\$4,863	0.0%
VANGUARD MTG BACK ETF	VMBS	48.3%	-	45.31	\$1,790,904	2.4%
VANGUARD SCOTTSDALE ETF	VGIT	20.7%	-	58.01	\$1,390,436	1.9%
VANGUARD SCOTTSDALE ETF	VGLT	98.9%	-	55.16	\$375,678	0.5%
VANGUARD SHRT TRM CP ETF	VCSH	0.5%	-	78.13	\$33,954	0.1%
■ High Yield Taxable Fixed Income					\$1,997,143	2.7%
BLACKROCK HI YLD INSTLT††	BHYIX	-	214,065	7.14	\$1,528,428	2.1%
FIDELITY MERRIMACK ETF	FLDR	1.0%	-	50.05	\$11,935	0.0%
ISHARES 10 PLUS YEAR ETF	IGLB	2.3%	-	49.35	\$9,251	0.0%
JANUS HENDERSON SHRT ETF	VNLA	4.8%	-	48.97	\$59,267	0.1%
JPMORGAN ULTRA-SHORT ETF	JPST	1.5%	-	50.49	\$17,968	0.0%
PIMCO ETF TRUST ETF	MINT	3.6%	-	100.58	\$43,871	0.1%
SPDR PORTFOLIO ETF	SPIB	3.0%	-	32.77	\$140,165	0.2%
SPDR PORTFOLIO SHORT ETF	SPSB	2.1%	-	29.92	\$42,178	0.1%
VANGUARD SHRT TRM CP ETF	VCSH	2.3%	-	78.13	\$144,081	0.2%
■ Developed Market Ex-U.S. Fixed Income					\$3,871,880	5.2%
FIDELITY MERRIMACK ETF	FLDR	39.7%	-	50.05	\$479,878	0.6%
ISHARES 10 PLUS YEAR ETF	IGLB	13.3%	-	49.35	\$53,885	0.1%
ISHARES AGCY BOND ETF	AGZ	0.4%	-	108.26	\$7,213	0.0%
JANUS HENDERSON SHRT ETF	VNLA	31.5%	-	48.97	\$386,075	0.5%
JPMORGAN ULTRA-SHORT ETF	JPST	28.5%	-	50.49	\$345,580	0.5%
PIMCO ETF TRUST ETF	MINT	24.1%	-	100.58	\$292,191	0.4%
SPDR PORTFOLIO ETF	SPIB	16.2%	-	32.77	\$760,431	1.0%

Asset class/Security description	Ticker/Cusip	% of Fund	Quantity	Price	Market value	Allocation %
SPDR PORTFOLIO SHORT ETF	SPSB	19.4%	-	29.92	\$392,912	0.5%
VANGUARD SHRT TRM CP ETF	VCSH	18.7%	-	78.13	\$1,153,715	1.6%
Emerging Market Fixed Income					\$87,388	0.1%
ISHARES 10 PLUS YEAR ETF	IGLB	4.7%	-	49.35	\$19,148	0.0%
SPDR PORTFOLIO ETF	SPIB	0.7%	-	32.77	\$32,351	0.0%
SPDR PORTFOLIO SHORT ETF	SPSB	0.3%	-	29.92	\$6,033	0.0%
VANGUARD SHRT TRM CP ETF	VCSH	0.5%	-	78.13	\$29,856	0.0%
Inflation-Linked Fixed Income					\$1,916,633	2.6%
PIMCO ETF TRUST ETF	MINT	1.9%	-	100.58	\$23,396	0.0%
VANGUARD SHORT TERM ETF	922020805	92.2%	-	48.70	\$1,893,237	2.5%
Preferred Stock					\$2,105	0.0%
ISHARES 10 PLUS YEAR ETF	IGLB	0.0%	-	49.35	\$148	0.0%
PIMCO ETF TRUST ETF	MINT	0.2%	-	100.58	\$1,957	0.0%
Specialty Assets					\$2,394	0.0%
FIDELITY MERRIMACK ETF	FLDR	0.0%	-	50.05	\$403	0.0%
JANUS HENDERSON SHRT ETF	VNLA	0.2%	-	48.97	\$1,991	0.0%
Taxable Cash Alternatives					\$13,578,938	18.2%
Cash Alternative	-	-	9,067,046	1.00	\$9,067,046	12.2%
FIDELITY MERRIMACK ETF	FLDR	3.9%	-	50.05	\$47,123	0.1%
FIDELITY TREASURY INSTL	FRBXX	-	3,070,674	1.00	\$3,070,674	4.1%
ISHARES 10 PLUS YEAR ETF	IGLB	1.0%	-	49.35	\$4,237	0.0%
ISHARES AGCY BOND ETF	AGZ	2.3%	-	108.26	\$45,659	0.1%
ISHARES MBS ETF	MBB	0.0%	-	91.59	\$1,172	0.0%
JANUS HENDERSON SHRT ETF	VNLA	12.9%	-	48.97	\$158,150	0.2%
JPMORGAN ULTRA-SHORT ETF	JPST	30.9%	-	50.49	\$374,006	0.5%
PIMCO ETF TRUST ETF	MINT	20.8%	-	100.58	\$252,139	0.3%
SPDR PORTFOLIO ETF	SPIB	0.5%	-	32.77	\$23,205	0.0%
SPDR PORTFOLIO ETF	SPMB	5.2%	-	21.51	\$77,326	0.1%
SPDR PORTFOLIO SHORT ETF	SPSB	0.1%	-	29.92	\$2,299	0.0%
VANGUARD MTG BACK ETF	VMBS	4.6%	-	45.31	\$171,032	0.2%
VANGUARD SCOTTSDALE ETF	VGIT	0.7%	-	58.01	\$45,444	0.1%
VANGUARD SCOTTSDALE ETF	VGLT	1.1%	-	55.16	\$4,099	0.0%
VANGUARD SHORT TERM ETF	922020805	7.8%	-	48.70	\$159,371	0.2%
VANGUARD SHORT-TERM ETF	VGSH	0.5%	-	58.26	\$30,852	0.0%

Asset class/Security description	Ticker/Cusip	% of Fund	Quantity	Price	Market value	Allocation %
VANGUARD SHRT TRM CP ETF	VCSH	0.7%	-	78.13	\$45,105	0.1%
Portfolio Summary Total					\$74,498,893	100.0%

This report may contain internal non-performance assets as well as holdings not held at our firm. Information associated with these external positions were provided by you. The information provided for assets not held at our firm has not been verified. The actual value of these assets may differ from that shown.

Your current portfolio allocation may classify assets based on the underlying holdings of funds, ETFs, UITs and annuity sub-accounts. For assets in alternative and real asset investment strategies and where underlying holdings are not available for classification, the asset class assigned to that security is used. The Cash Alternatives asset class may include cash alternatives or other securities, such as futures settlements, synthetic securities, or securities in the form of a trust. Underlying classification data is updated periodically, and the update frequency will vary.

†† Because this fund may use complex and specialized investment strategies, such as short selling, leveraging, synthetic securities, and derivatives, it is assigned to a single asset class.

Value vs. Net Investment

As of date 12/31/2024 for your combined accounts



	MTD	QTD	YTD	2022	2023	2024	Annualized Since inception 09/30/05
Beginning total market value	\$80,034,498	\$89,196,428	\$78,756,183	\$92,120,616	\$71,060,494	\$78,756,183	\$22,501,115
Deposits minus withdrawals	-\$2,202,680	-\$11,109,382	-\$4,521,980	-\$17,364,938	\$3,610,518	-\$4,521,980	\$35,580,985
Net invested capital	\$77,831,818	\$78,087,046	\$74,234,202	\$74,755,677	\$74,671,012	\$74,234,202	\$58,082,101
Investment results	-\$192,749	-\$447,976	\$3,404,867	-\$3,695,183	\$4,085,170	\$3,404,867	\$19,556,969
Ending total market value	\$77,639,069	\$77,639,069	\$77,639,069	\$71,060,494	\$78,756,183	\$77,639,069	\$77,639,069
Your net time-weighted returns	-0.25%	-0.50%	3.82%	-4.06%	5.55%	3.82%	2.48%

Net invested capital is your combined accounts' market value at the beginning of a stated time period plus deposits and minus withdrawals. Past performance is no guarantee of future results. Please see the Important Information section at the end of this report for details about your returns.

Performance Details by Account

As of 12/31/2024 for your combined accounts

	Beginning market value	Additions	Withdrawals	Net invested capital	Dec 31, 2024 market value	Investment results	Annualized return
NMCIA ML-XXXX2635							
YTD	\$26,009,685	\$17,570,621	-\$16,691,941	\$26,888,365	\$28,015,320	\$1,126,955	3.47%
Since inception date: Sep 30, 2005	\$10,075,801	\$194,793,274	-\$184,392,773	\$20,476,303	\$28,015,320	\$7,539,017	2.51%
NMCIA LE-XXXX2461							
YTD	\$30,222,021	\$31,973,303	-\$38,472,359	\$23,722,964	\$25,060,778	\$1,337,813	3.57%
Since inception date: Sep 30, 2005	\$7,536,439	\$284,674,694	-\$273,851,943	\$18,359,190	\$25,060,778	\$6,701,588	2.61%
NMCIA WC-XXXX2548							
YTD	\$22,524,477	\$18,844,557	-\$17,746,161	\$23,622,873	\$24,562,971	\$940,098	4.54%
Since inception date: Sep 30, 2005	\$4,888,875	\$146,294,250	-\$131,936,518	\$19,246,608	\$24,562,971	\$5,316,364	2.37%

Annualized, net time-weighted rates of return are depicted. The YTD return may represent performance for a period less than the full YTD time frame. Returns are annualized for the time periods greater than one year. Past performance is no guarantee of future results. This amount(s) may differ from your account statement and elsewhere within this report due to a variety of factors including the treatment of accrued income and dividends, rounding and other considerations. Please see the Important Information section for details about your returns.

Performance Returns by Account

As of 12/31/2024 for your account XXXX2635

Net Time-Weighted Returns

Description/Inception date	Market value	MTD	QTD	YTD	1 year	Annualized 3 year	Annualized 5 year	Annualized 10 year	Annualized Since inception
NMCIA ML - XXXX2635/ Sep 30, 2005	\$28,015,320	-0.45%	-0.7%	3.47%	3.47%	1.59%	1.33%	1.5%	2.51%
Comparison 1		-1.70%	-2.13%	4.95%	4.95%	-0.06%	1.97%	3.09%	4.24%
Comparison 2		0.23%	-0.09%	4.04%	4.04%	1.45%	1.37%	1.39%	2.03%
Comparison 3		-0.62%	-1.60%	3.00%	3.00%	-0.18%	0.86%	1.71%	2.95%

Annualized, net time-weighted rates of return are depicted. The YTD return may represent performance for a period less than the full YTD time frame. Returns are annualized for the time periods greater than one year. Past performance is no guarantee of future results.

This amount(s) may differ from your account statement and elsewhere within this report due to a variety of factors including the treatment of accrued income and dividends, rounding and other considerations. Comparison 1 is the firm-assigned benchmark to align with the account investment objective. Comparisons 2 and 3, if included, are assigned at the advisor's determination to provide additional perspective. All comparisons for combined accounts, if applicable, are assigned by the advisor. Please see the Important Information section at the end of this report for details about your returns, the comparison blends, and the comparison change history.

XXXX2635

Comparison 1 is a blend of 80% SLAB/15% S&P500/5% MLGHYEM/ index

Comparison 2 is the BLMBRG US GOVT 1-3 YEAR index

Comparison 3 is the BLMBRG GOVT/CRED INT index

Performance Returns by Account

As of 12/31/2024 for your account XXXX2461

Net Time-Weighted Returns

Description/Inception date	Market value	MTD	QTD	YTD	1 year	Annualized 3 year	Annualized 5 year	Annualized 10 year	Annualized Since inception
NMCIA LE - XXXX2461/ Sep 30, 2005	\$25,060,778	-0.26%	-0.62%	3.57%	3.57%	1.84%	1.36%	1.46%	2.61%
Comparison 1		-1.70%	-2.13%	4.95%	4.95%	-0.06%	1.97%	3.09%	4.24%
Comparison 2		0.23%	-0.09%	4.04%	4.04%	1.45%	1.37%	1.39%	2.03%
Comparison 3		-0.62%	-1.60%	3.00%	3.00%	-0.18%	0.86%	1.71%	2.95%

Annualized, net time-weighted rates of return are depicted. The YTD return may represent performance for a period less than the full YTD time frame. Returns are annualized for the time periods greater than one year. Past performance is no guarantee of future results.

This amount(s) may differ from your account statement and elsewhere within this report due to a variety of factors including the treatment of accrued income and dividends, rounding and other considerations. Comparison 1 is the firm-assigned benchmark to align with the account investment objective. Comparisons 2 and 3, if included, are assigned at the advisor's determination to provide additional perspective. All comparisons for combined accounts, if applicable, are assigned by the advisor. Please see the Important Information section at the end of this report for details about your returns, the comparison blends, and the comparison change history.

XXXX2461

Comparison 1 is a blend of 80% SLAB/15% S&P500/5% MLGHYEM/ index

Comparison 2 is the BLMBRG US GOVT 1-3 YEAR index

Comparison 3 is the BLMBRG GOVT/CRED INT index

Performance Returns by Account

As of 12/31/2024 for your account XXXX2548

Net Time-Weighted Returns

Description/Inception date	Market value	MTD	QTD	YTD	1 year	Annualized 3 year	Annualized 5 year	Annualized 10 year	Annualized Since inception
NMCIA WC - XXXX2548/ Sep 30, 2005	\$24,562,971	0%	-0.12%	4.54%	4.54%	1.51%	1.49%	1.75%	2.37%
Comparison 1		-1.70%	-2.13%	4.95%	4.95%	-0.06%	1.97%	3.09%	4.24%
Comparison 2		0.23%	-0.09%	4.04%	4.04%	1.45%	1.37%	1.39%	2.03%
Comparison 3		-0.62%	-1.60%	3.00%	3.00%	-0.18%	0.86%	1.71%	2.95%

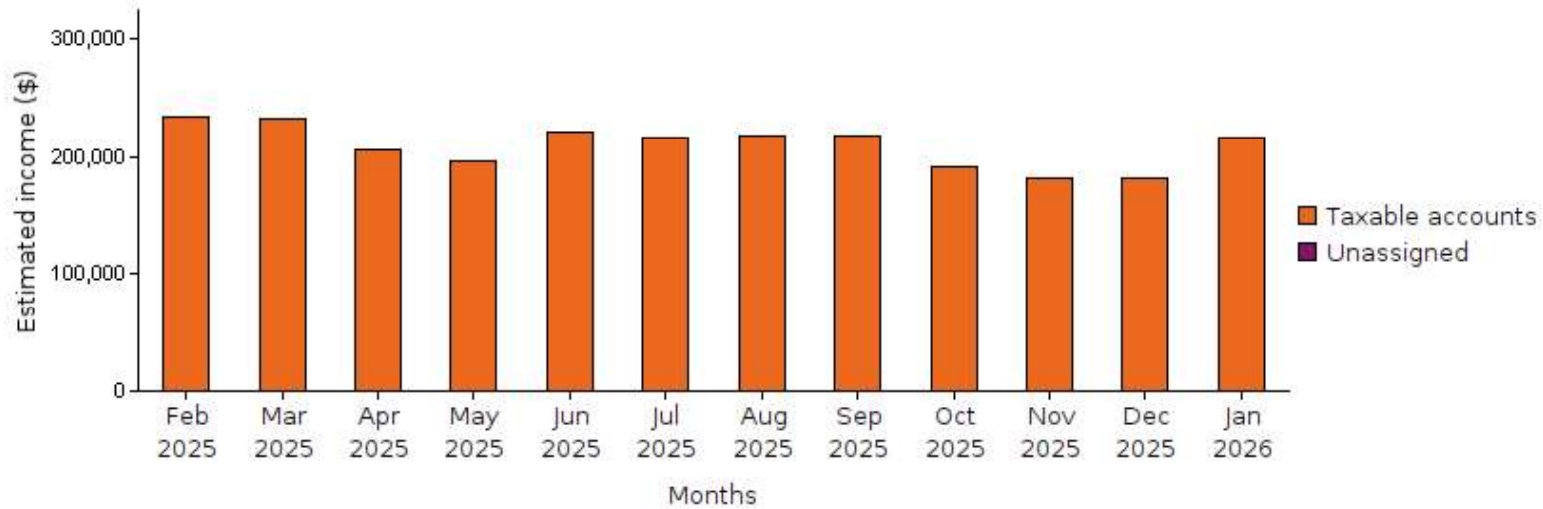
Annualized, net time-weighted rates of return are depicted. The YTD return may represent performance for a period less than the full YTD time frame. Returns are annualized for the time periods greater than one year. Past performance is no guarantee of future results.

This amount(s) may differ from your account statement and elsewhere within this report due to a variety of factors including the treatment of accrued income and dividends, rounding and other considerations. Comparison 1 is the firm-assigned benchmark to align with the account investment objective. Comparisons 2 and 3, if included, are assigned at the advisor's determination to provide additional perspective. All comparisons for combined accounts, if applicable, are assigned by the advisor. Please see the Important Information section at the end of this report for details about your returns, the comparison blends, and the comparison change history.

- XXXX2548
- Comparison 1 is a blend of 80% SLAB/15% S&P500/5% MLGHYEM/ index
- Comparison 2 is the BLMBRG US GOVT 1-3 YEAR index
- Comparison 3 is the BLMBRG GOVT/CRED INT index

Estimated Income Summary

As of 01/17/2025 for your combined accounts



	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Annualized Estimated income (\$)
Taxable accounts	234,306	232,587	205,712	196,806	220,181	215,869	216,962	218,056	191,181	180,869	180,869	215,869	2,509,267
Taxable	180,869	180,869	180,869	180,869	180,869	180,869	180,869	180,869	180,869	180,869	180,869	180,869	2,170,424
Mortgage backed security	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	14,427
Bond fund	168,049	168,049	168,049	168,049	168,049	168,049	168,049	168,049	168,049	168,049	168,049	168,049	2,016,588
Money market fund	11,617	11,617	11,617	11,617	11,617	11,617	11,617	11,617	11,617	11,617	11,617	11,617	139,408
Federal	53,438	51,719	24,844	15,938	39,313	35,000	36,094	37,188	10,313			35,000	338,844
Government bond	53,438	51,719	24,844	15,938	39,313	35,000	36,094	37,188	10,313			35,000	338,844
Unassigned													
Not available													
Cash alternative													
Estimated income total	234,306	232,587	205,712	196,806	220,181	215,869	216,962	218,056	191,181	180,869	180,869	215,869	2,509,267

Total Portfolio Value: \$74,498,893

This report may contain internal non-performance assets as well as holdings not held at our firm.

This report is not a substitute for official tax reporting. This report separates the holdings, first based on the taxability at the account level. The secondary aggregation is Tax Type which is used to aggregate securities based on their assumed taxability of income (interest and dividends) at the time of this report. Classifications are made by data sources we deem reliable; however, we do not guarantee the accuracy of these classifications. Most securities are subject to capital gains taxes and some may be considered in calculations for Alternative Minimum Tax (AMT) that are not so designated here. This report does not attempt to portray phantom income (income accreted or accrued but not paid) on discount or zero coupon securities. You should consult with your tax advisor regarding the taxability of your holdings.

The following tax type classifications may be included in this report: AMT - subject to Alternative Minimum Tax; Dividend - taxable as dividend income; Federal - income taxable by federal government (state and local income taxes may not apply); Non-Federal - income non-taxable by federal government but may be subject to state and local taxes; Taxable - income taxable by federal, state and local taxes; and Not Available - taxability undetermined.

Estimated Income Annualized (EIA) takes your current income, based on the current dividends or interest paid by your securities and multiplies it to create an annualized hypothetical figure. It does not reflect actual or future performance and should not be relied upon when making financial decisions. All annualizations are based upon current positions using a simple mathematical calculation and assumes all figures remain constant for a year; any subsequent position changes will affect these calculations. Calculations for certain types of securities could include a return of principal or capital gain, in which case the figures would be overstated. Past performance is not a guarantee of future results. Dividend payments are made solely at the discretion of the issuer and are subject to be changed or eliminated at any time. Estimated Income is an estimate and the actual income might be lower or higher than the estimated amount. Estimated Income only the income generated by an investment. It does not reflect changes in price, which may fluctuate.

Important Information

Accounts Included:

Internal Accounts

XXXX2461 ^P NMCIA LE
XXXX2548 ^P NMCIA WC
XXXX2635 ^P NMCIA ML

^P Indicates an account included in the performance information within the report.

This Account listing only represents a portfolio of assets and/or liabilities owned by you based on transaction records and other supplemental information you have supplied. This report may not include all accounts or assets in your household. This report may include assets/liabilities that you currently hold away from our firm; these assets may not be covered by SIPC.

This report is not the official record of your account. However, it has been prepared to assist you with your investment planning and is for informational purposes only. Your Client Statement is the official record of your account. Therefore, if there are any discrepancies between this report and your Client Statement, you should rely on the Client Statement and call your local Branch Manager with any questions.

Transactions requiring tax consideration should be reviewed carefully with your accountant or tax advisor. Unless otherwise indicated, market prices/values for internal assets are the most recent closing prices available at the time of this report and are subject to change. Prices may not reflect the value at which securities could be sold.

Certain assets are excluded from performance calculations. Selected annuities, certain types of direct investments, mutual funds held outside the firm, precious metals, coins, bullion, or any assets subject to tax-withholdings (TEFRA) are among the assets not included in values or performance calculations.

For performance market values, we include account accruals in the

calculations. Accruals are accumulated interest or income that your individually held assets have earned over time but have not been recorded or paid out yet. Because you are legally entitled to receive this interest and income as the holder of the assets, we factor these accruals as part of the assets' appreciation value. For non-performance market values, we do not include accruals as part of the calculation.

If your portfolio holds alternative investment positions, the available evaluations used to calculate your returns may be estimated or stale. Alternative investment valuations are for informational purposes only as we have not confirmed with the issuer that you continue to own any of these assets. Please refer to the issuer statement for the most up-to-date valuations.

A portion of the financial data used to generate this report may be provided to Wells Fargo Advisors by third-party vendors. While this third-party information is believed to be reliable, it has not been verified.

Asset Classification

Asset Classes for mutual funds, variable annuities and exchange-traded funds are derived from Morningstar Categories. Underlying holdings classification provided by Morningstar. ©2023 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Asset classification of holdings in external accounts where classification is not readily available may be assigned to a multi-asset class category or reassigned into additional asset classes by your Financial Advisor which may not be the most accurate asset class based on the holding's characteristics and risk profile. It is your responsibility to review the asset classification for external accounts and notify us of any changes.

Return Methodology

Returns are annualized for time periods greater than one year. Past performance is no guarantee of future results.

Net Time Weighted rates of return are independent of the timing and magnitude of your cash flow decisions and are calculated after the deduction of program fees. Each return period is given an equal weighting, regardless of the portfolio value. Gross Time Weighted rates of return are independent of the timing and magnitude of your cash flow decisions and are calculated before the deduction of all fees. Each return period is given an equal weighing, regardless of the portfolio value.

Money Weighted rates of return reflect your decisions to deposit assets to or withdraw assets from your accounts and are calculated after the deduction of all fees. They give more weight to returns in periods with higher portfolio values and, as a result, should not be used to measure performance of an investment manager.

Comparison Benchmark Changes

The comparison benchmark(s) described in this report may have been modified over the life of the account or composite, and the returns shown for that comparison may be a combination of different benchmark selections in place during different periods of time. The comparison descriptions reflected in this report represent the comparison benchmark in effect for the period ending date of the report

Comparison Change History

XXXX2461

Comparison 1

09/30/2005 is a blend of 80% SLAB/15% S&P500/5% MLGHYEM/ index

Comparison 2

09/30/2005 is the BLMBRG US GOVT 1-3 YEAR index

Comparison 3

09/30/2005 is the BLMBRG GOVT/CRED INT index

XXXX2548

Comparison 1

09/30/2005 is a blend of 80% SLAB/15% S&P500/5% MLGHYEM/ index

Comparison 2

09/30/2005 is the BLMBRG US GOVT 1-3 YEAR index

Comparison 3

09/30/2005 is the BLMBRG GOVT/CRED INT index

XXXX2635

Comparison 1

09/30/2005 is a blend of 80% SLAB/15% S&P500/5% MLGHYEM/ index

Comparison 2

09/30/2005 is the BLMBRG US GOVT 1-3 YEAR index

Comparison 3

09/30/2005 is the BLMBRG GOVT/CRED INT index

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 6.A.	<u>Item Title:</u> Approve 2025 Liability Coverage Agreement
<u>Presenter (s):</u> Grace Philips, Risk Management Director	
<p>Motion by: _____</p> <p>Seconded by: _____</p>	



**NEW MEXICO
COUNTIES**
33 STRONG

**New Mexico County Insurance Authority
(NMCIA)**

Multi-Line and Law Enforcement Liability Program

COVERAGE AGREEMENT

Effective: January 1, ~~2024~~2025-January 1, ~~2025~~2026

New Mexico County Insurance Authority
Multi-Line and Law Enforcement Program

2024-2025 Coverage Agreement

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**New Mexico County Insurance Authority
Multi-Line and Law Enforcement Program**

Member Coverage Agreement

January 1, ~~2024~~2025

Part I

A. General Coverage Declarations

The New Mexico County Insurance Authority (NMCIA) Pool (the "Pool") is a risk sharing arrangement among New Mexico county governments. The **Pool** was formed pursuant to the provisions of the Joint Powers Act, Section 11-1-1 et. seq. NMSA 1978, as amended, and through the Bylaws and Joint Powers Agreement signed by its members. The purposes of the **Pool** is to provide a multi-line program for property and casualty coverages, and a law enforcement program and to assist members in controlling costs by providing specialized governmental risk management services and systems.

The purpose of this Coverage Agreement is to describe the property, liability and law enforcement coverages provided to its **Named Members** through the **Pool**. The coverages, deductibles and limitations are unique to the **Pool** and may not be available elsewhere through private or commercial insurance.

It is the intent of the **Pool** to provide the property, liability and law enforcement coverages outlined in this Coverage Agreement to each **Named Member** and those who work for them or on their behalf in accordance with the laws of the State of New Mexico. This Coverage Agreement was created to eliminate misunderstandings regarding coverage; to avoid coverage disputes; to clarify responsibilities during the claims handling process; and to provide the **Named Members** with a document that easily identifies what is and is not covered.

B. Limits

Property

Deductible: See Endorsement 7

See Attachment 1 for Limits, Terms, Conditions, Coverages, Exclusions

Crime

See Attachment 2 for Limits, Terms, Conditions, Coverages, Exclusions

THE FOLLOWING COVERAGES ARE PROVIDED ON A CLAIMS MADE BASIS

Liability and Automobile Liability

<p>Liability Coverage Section A – General Liability Section B – Employment Practices Liability Section C – Public Officials & Errors and Omissions Section D – Employee Benefits Liability:</p> <p>Automobile Liability</p>	<p>Third-party liability including Bodily Injury, Property Damage, Personal Injury, Wrongful Acts and Errors & Omissions.</p> <p>Third-party liability including Bodily Injury, Property Damage</p>
<p>Form:</p>	<p>Claims-Made</p>

Coverage Parts	Limit	Terms
<p>Covered New Mexico State Statutory Claims</p>	<p>\$2,000,000 per occurrence (regardless of the number of claimants)</p>	<p>Total Liability per occurrence regardless of the number of claimants except as specifically excluded, sublimited, or addressed by endorsement elsewhere in this coverage agreement or where there is a lower liability limit specified by statute</p>
<p>Out of State, Federal and Sovereign Nations Coverage</p>	<p>\$5,000,000 per Occurrence/ (reinsurance liability subject to \$4,000,000 annual aggregate per member; and reinsurance liability is limited to a \$8,000,000 all members combined annual aggregate)</p>	
<p>Premises Medical</p>	<p>\$ 10,000 \$ 150,000</p>	<p>Per Person Per Occurrence</p>

Sexual Abuse Defense Civil Defense Costs Only	\$50,000 per perpetrator/\$100,000 per County/annual aggregate, subject to \$500,000 annual aggregate applicable to all members.	
Sexual Abuse Shared Liability	75% Pool / 25% Member split of settlement or judgment payments between Pool and Named Member after the application of the deductible Per Occurrence	
Injunctive Relief Defense	\$10,000 per claim for defense costs ONLY	
Strip Searches	\$250,000 per occurrence/\$1,000,000 pool aggregate for any cost or liability arising from a lawsuit or other proceeding brought on behalf of a class of claimants that alleges unlawful strip searches. This sublimit applies even if the lawsuit alleges negligence or other wrongdoing in the establishment of policies, procedures or guidelines concerning strip searches, or negligence or other wrongdoing in the hiring, employment, training, supervision or monitoring of any person.	
IPRA Defense	Sublimit \$75,000	Plaintiff's Attorney's Fees and Costs Per Person/Per Occurrence
Communicable Disease Defense Shared Defense Costs Only	90% Pool / 10% Member split of defense costs between Pool and Named Member. No deductible applies to the Member's share of the split costs. Per Occurrence	
Automobile Medical Payments	\$ 10,000 \$ 150,000	Per Person Per Occurrence
Automobile First Party Deductibles	See Endorsement 7	
Liability and Automobile Liability Coverage Deductibles	See Endorsement 6	Per Occurrence
Whistleblower Protection Act	Sublimit \$100,000	The double back pay portion of a judgment rendered by a court or jury. Per Occurrence

The above Coverages and Limits are subject to the New Mexico Tort Claims Act where applicable.

The above Coverages and Limits are per **Occurrence**, except where otherwise noted.

Law Enforcement Liability

Coverage Law Enforcement Liability	Third-party liability including Bodily Injury, Personal Injury and Property Damage	
Form:	Claims Made	
Coverage Parts	Limit	Terms
Covered New Mexico State Statutory Claims	\$2,000,000 per occurrence (regardless of the number of claimants)	Total Liability per occurrence regardless of the number of claimants except as specifically excluded, sublimited, or addressed by endorsement (e.g. LE-4, LE-5 and LE-6) elsewhere in this coverage agreement or where there is a lower liability limit specified by statute
Out of State, Federal and Sovereign Nations Coverage for non-Class A Members <u>and Dona Ana County</u>	\$4,000,000 per occurrence (reinsurance liability subject to \$4,000,000 annual aggregate per member; and reinsurance liability is limited to a \$8,000,000 all members combined annual aggregate)	Except as otherwise limited by Endorsements LE-4, LE-5 and LE-6

Out of State, Federal and Sovereign Nations Coverage for Class A Members (Bernalillo, Dona Ana , Sandoval and Santa Fe Counties)	\$5,000,000 per occurrence (reinsurance liability subject to \$4,000,000 annual aggregate per member; and reinsurance liability is limited to a \$8,000,000 all members combined annual aggregate)	Except as otherwise limited by Endorsements LE-4, LE-5 and LE-6 50%/50% quota share between the Pool and the member for the \$1,000,000 xs \$4,000,000 layer of coverage
Member's Deductible	See Endorsement LE-3	Per Occurrence

Sexual Abuse Defense Civil Defense Costs Only	\$50,000 per perpetrator/\$100,000 per County/annual aggregate, subject to \$500,000 annual aggregate applicable to all Members
Sexual Abuse Shared Liability	75% Pool / 25% Member split of settlement or judgment payments between Pool and Named Member after the application of the deductible Per Occurrence
Strip Searches	\$250,000 per occurrence/\$1,000,000 pool aggregate for any cost or liability arising from a lawsuit or other proceeding brought on behalf of a class of claimants that alleges unlawful strip searches. This sublimit applies even if the lawsuit alleges negligence or other wrongdoing in the establishment of policies, procedures or guidelines concerning strip searches, or negligence or other wrongdoing in the hiring, employment, training, supervision or monitoring of any person.
The above Coverages and Limits are subject to the New Mexico Tort Claims Act where applicable.	
The above Coverages and Limits are per Occurrence , except where otherwise noted.	

C. **Named Member:** See Schedule A

Address: See Schedule A

Agreement Period

From: January 1, ~~2024~~2025 **To:** January 1, ~~2025~~2026
at 12:01 a.m. local time at the **Named Member's** address shown above.

D. **Retroactive Date:**
March 21, 2001, unless otherwise endorsed.

Part II – Coverage Conditions

A. **Limits of Liability**

1. The **Pool's** liability for **Money Damages** as the result of any one **Occurrence** is limited as described in the Limits of Coverage of this **Agreement** less the amount of the **Member's** deductible.

For the purpose of determining the limit of liability, all **Money Damages** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **Occurrence**.

2. **The Pool Will Pay With Respect to any Claim or Suit It Defends**

a. All expenses the **Pool** incurs, including all claims expenses as defined in General Definitions, Part IV, "**Claims Expenses**".

b. The cost of bonds to release attachments and appeal bonds required in any suit the **Pool** defends, but only for bond amounts within the applicable Limit of Insurance. The **Pool** does not have to furnish these bonds.

c. All reasonable expenses incurred by the **Member** at the **Pool's** request to assist the **Pool** in the investigation or defense of the **claim** or suit. Such expenses do not include salaries of officials or employees of the **Member**.

d. All costs assessed against the **Member** in the suit, unless otherwise excluded.

e. Pre-judgment interest awarded against the **Member** on that part of the judgment the **Pool** pays. If the **Pool** makes an offer to pay the applicable Limit of Insurance, the **Pool** will not pay any pre-judgment interest based on that period of time after the offer.

f. All interest on the full amount of any judgment that accrues after entry of the judgment and before the **Pool** has paid, offered to pay, or deposited

in court the part of the judgment that is within the applicable Limit of Insurance.

- g. Expenses incurred by the **Member** for first aid to others at the time of an **occurrence**, for **bodily injury** to which this **Agreement** applies.

- 3. **Deductible** - at the option and discretion of the **Pool**, the **Pool** may pay all or part of the deductible amounts to effect settlement and upon notification to the **Named Member**. **Named Member** shall promptly reimburse the **Pool** for all such expenditures.
- 4. **Attorney Fees** - Defense attorneys fees and costs are within the policy limits. The **Pool** has the sole authority to choose defense counsel to represent **Member** in the defense of a claim or suit.

B. Contribution Payments

Contributions are determined by the **Pool Board** based upon current underwriting information.

C. Territorial Scope

This coverage applies to **Occurrences** worldwide for which any **Claim** is made or suit is brought and maintained in the United States.

D. Clash Coverage

In the event a **Claim** is brought which could fall under more than one coverage section of this **Agreement**, regardless of the number of claimants or defendants, only one coverage section will apply, and only one occurrence limit shall apply. The coverage section with the highest limit will be the applicable coverage section.

E. Arbitration

In the event the **Member** and the **Pool** are unable to agree on any matter concerning this **Agreement**, including but not limited to coverage issues, the dispute shall be resolved through arbitration, not litigation. Either party may issue a written demand for arbitration within 90 days of the event triggering the arbitration request. The **Member** and the **Pool** shall agree on the selection of an arbitrator. If they cannot agree within 30 days, either party shall select an arbitrator and the two arbitrators shall select a third arbitrator to constitute a panel. Each party will pay the attorneys' fees and expenses it incurs and share the expenses of the arbitrator(s) equally. The **Member's** portion of the arbitrator's fee shall not accrue to or be payable by the **Pool**.

Both parties shall agree upon the location of the arbitration; if they cannot agree, the selected arbitrator shall determine the location. Local (State District Court) rules as to arbitration procedure and evidence will apply. The arbitrator's decision will be binding and that judgment may be entered in any court of competent jurisdiction. Any decision of the arbitrator(s) shall be non appealable and binding on all parties.

F. Termination/Suspension of Coverage/Withdrawal

Any **Named Member** may withdraw from the **Pool** at the end of any fiscal year (January 1 to December 31 each year) by giving at least 120 days prior written notice to the **Pool Board**. The withdrawn **Named Member** is not entitled to any

reimbursement of contributions that are paid or become payable in the future, and shall continue to be obligated to make payment for which an obligation arose prior to withdrawal. In addition, the withdrawn **Named Member** shall forfeit all rights to any future distribution of equity.

A **Named Member** may be expelled in accordance with the **Pool's** Bylaws and Joint Powers Agreement.

The **Pool Board** may decline to offer renewal coverage on a particular line of coverage, or a portion of a line of coverage, at the end of any fiscal year upon 120 days notice to the affected member.

The **Pool Board** may suspend coverage of a **Named Member** for failure to make any payments due to the **Pool** or for other failings outlined in the **Pool's** Bylaws and Joint Powers Agreement. The **Named Member** shall be given a reasonable opportunity, of not less than 30 days to remedy the alleged failure.

G. Claims Process

- 1) Members** shall immediately notify the **Pool's** claims administrator in writing, but in no event not later than ten (10) business days from the date of knowledge of an **Occurrence**, which may result or is likely to result in a **Claim**. Notice shall include how, when and where the **Occurrence** took place; the names, addresses and telephone numbers of any injured persons and witnesses; and the nature and location of any injury or damage arising out of the **Occurrence**. Notice of an **Occurrence** is not notice of a **Claim**.
- 2) If a Claim** is received by any **Member**, the **Member** shall immediately record the specifics of the **Claim** and the date received and shall immediately notify the **Pool's** claims administrator in writing, but in no event not later than ten (10) business days.
- 3) The Member** shall:
 - a. Immediately send the **Pool's** claims administrator copies of any demands, notices, summonses or legal papers received in connection with the **Claim** or suit; and
 - b. Authorize the claims administrator to obtain records and other information; and
 - c. Assist the **Pool**, upon its request, in the enforcement of any right against any person or organization which may be liable to the **Member** because of injury or damage to which this **Agreement** may also apply.
 - d. **Named Member** shall pay deductibles to NMCIA within 30 days of receipt of invoice.
- 4) No Member** shall voluntarily make a payment, assume any obligation or incur any expense, other than for first aid or other bona fide emergency, without the **Pool's** written consent or in any way bind or obligate **NMCIA**.
- 5) The Member** shall promptly take at its own expense, except as otherwise provided in this **Agreement**, all reasonable steps to prevent additional injury or damage from or arising out of the same or similar conditions at the same location

where the initial injury or damage occurred. Any such expense shall not be recoverable under this **Agreement**.

- 6) A **Member** shall also fully cooperate with the **Pool's** investigation, settlement or defense including if asked to enforce any right against anyone or any organization that may be liable to a **Member** because of a covered injury or damage.
- 7) **Named Member** acknowledges and agrees that **NMCIA** has the sole authority to make representations, voluntarily make payments, assume obligations, or incur expenses.
- 8) **Members** shall not discuss any **Claim** with anyone other than **NMCIA**, defense counsel, anyone **NMCIA** deems necessary to the proper administration or defense of a **Claim**, or as required by law or contract.
- 9) Failure to comply with any of the above 1 through 8 shall constitute a breach of this **Agreement** and may result in sanctions being taken against the **Member** including without limitation a **Claim** denial and no further obligation for the **Pool** to defend or indemnify the **Member** for this **Claim**.

H. **Due Diligence**

The **Member** shall use due diligence and take all reasonable and practical steps to avoid or diminish any loss of or damage to the property insured.

I. **Inspections, Audits and Verification of Values**

The **Pool** or its authorized representatives may inspect the premises used by the **Members** and audit **Member's** books or records at any time during the term of this **Agreement** or within three (3) years after its expiration or termination. There is no time limit for auditing the **Member's** books or records with respect to **Claims** under this **Agreement**.

J. **Other Insurance**

If **Member** has other insurance, or is named as an additional insured on another policy against loss or damage covered under this **Agreement**, the **Pool** is liable under the terms of this **Agreement** only as excess of coverage provided by another insurance policy. However, this clause does not apply to the purchase of excess insurance or reinsurance above the excess limits of insurance stated in this **Agreement**.

K. **Subrogation, Salvage and Recovery**

The **Pool** shall be subrogated to all rights which the **Member** may have against any person or other entity in respect to any **Claim** or payment made under this **Agreement** and the **Member** shall execute all papers required by the **Pool** and shall cooperate with the **Pool** to secure the **Pool's** rights. If any reimbursement is obtained, or salvage or recovery made by the **Member** or the **Pool** on account of any loss covered by the **Pool**, the net amount of such reimbursement, salvage or

recovery, after deducting the actual cost of obtaining or making the same, shall be first applied to the following order:

1. To the amount of loss which has been paid by the excess insurer or reinsurer and which exceeds the applicable excess limits;
2. To reduce the **Pool's** loss until the **Pool** is fully reimbursed;
3. To reduce the **Named Member's** loss because of the application of the deductible.

L. Waiver of Subrogation

This coverage shall not be invalidated if the **Member**, by written agreement, has waived or shall waive its right of recovery from any party for loss or damage covered hereunder; provided that any such waiver is made prior to the **Occurrence** of the loss or damage and with the prior written approval of the **Pool**.

M. Fraudulent Claims

If a **Member** makes a **Claim** knowing the **Claim** to be false or fraudulent, coverage shall become void and the **Claim** shall be denied.

N. Optional Extended Reporting Period

In the event of expulsion, withdrawal or non-renewal of this **Agreement** by the **Pool** or the **Member**, the **Member**, upon payment of an additional contribution to be determined by the **Pool**, shall have the right to extend the period in which a **Claim** which arose during the **Agreement** period, may be reported by the **Named Member** against the **Pool**. Such extended reporting period shall be for a period to be determined by the **Pool** after the expiration date of this **Agreement**, and is only for reporting claims that occurred during the **Agreement** period. The rights contained in this paragraph shall terminate, however, unless written notice of such election, together with the additional contribution due is received by the **Pool** within thirty (30) days after the effective date of cancellation or non-renewal. The additional contribution for the optional extended reporting period shall be fully earned at the inception of the optional extended reporting period. The optional extended reporting period is not cancelable. This clause and the rights contained herein shall not apply to any cancellation resulting from non-payment of contribution.

The extended reporting period does not apply to **Claims** that are covered under any subsequent coverage which a **Member** purchases or that would have been covered but for exhaustion of the amount of coverage applicable to those **Claims**.

The optional extended reporting period does not reinstate or increase the Limits of Coverage.

O. Multiple Claims or Claimants

The making of more than one **Claim** or the bringing of suits by more than one person or organization shall not operate to increase Limits of Coverage. Two or more **Claims** arising out of a single **Wrongful Act** or series of related **Wrongful Acts** shall be considered first made during the coverage period, or extended reporting period if purchased, in which the earliest **Notice of Claim** arising out of such **Wrongful Act** or related **Wrongful Acts** was first made and all such **Claims** shall be subject to the same Limits of Coverage.

P. Non-Waiver Of Rights

Failure by the New Mexico County Insurance Authority **Pool** to enforce any provision of this **Agreement** shall not be interpreted as a waiver of such provision or any other provision or any existing or future rights or privileges under this **Agreement**. The terms and conditions of this **Agreement** may be strictly enforced at any time despite any past or subsequent failure to do so by the **Pool**.

Part III – General Coverage Exclusions

The following exclusions apply to all coverages described in this **Agreement**. This **Agreement** does not provide coverage for:

1. Loss, damage or any type of **Claim**, including mysterious disappearance, caused by or resulting from fraudulent or dishonest acts committed by the **Member**, whether working alone or with others, except as provided in Section VI - Crime;
2. Expenses from any cost, civil fine, penalty, sanctions or expense against any **Member** for any compliance or enforcement action from any federal, state or local governmental regulatory agency, court or any alternative dispute resolution process;
3. Any **Claim** for front pay, back pay or other incidents of compensation or benefits due no matter how characterized to a **Named Member's** employees unless provided otherwise by sublimit or endorsement;
4. Any **Claim** arising from **Law Enforcement Activities**, except as provided in Part IX -- Law Enforcement Coverage;
5. Any **Claim** arising out of hospital, nursing home or clinic malpractice, malpractice by a physician, medical doctor, osteopath, chiropractor, resident, extern, intern, psychiatrist, pharmacist, dentist, orthodontist, periodontist, or psychologist, except as otherwise provided by endorsement.
6. Any obligation for which the **Member** may be held liable under any workers' compensation, occupational disease, unemployment compensation, disability benefits law, employers' liability or under any similar law or to bodily injuries to any employee or to any liability for indemnity or contribution brought by any party for bodily injuries to any employee.
7. Any **Claim** arising from administrative proceedings, declaratory and/or injunctive relief, except as otherwise provided by endorsement.
8. Any **Claim or Suit** arising from any criminal penalties imposed, or provided for, pursuant to any federal, state, or local law, statute, ordinance, or regulation, however characterized.
9. Except as otherwise provided by endorsement, any **Claim** arising out of the operation of the principles of eminent domain, condemnation proceedings or claims, inverse condemnation proceedings or claims, regulatory taking by whatever name called, land use actions, zoning, rezoning or failure to zone, whether that liability accrues directly against the **Member** or by virtue of any agreement entered into, by or on behalf of the **Member**. Claims alleging civil rights violations arising out of any of the listed proceedings are also excluded.

However, liability coverage under this **Agreement** is provided for monetary damages arising from a decision by the **Member** or its officers, agents or employees to issue or not issue building or construction permits, certificates of occupancy, business licenses, alcoholic beverage licenses or other permits and licenses that the **Member** is authorized by law to issue.

10. **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever to the property of the **Member** due to war, either directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, any weapon of war employing atomic fission or radioactive force whether in time of peace or war, hostilities (whether war was declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority.
11. **Bodily Injury, Personal Injury, Property Damage**. Except as otherwise provided by endorsement, any **Claim** arising out of **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever, including the loss of use or any other type of loss or damage caused by the discharge, dispersal, release, escape, migration, or seepage of any solid, liquid, gaseous or thermal irritant, contaminant, or pollutant, including soil, silt, sedimentation, smoke, soot, vapors, fumes, acids, alkalis, chemicals, electromagnetic fields (EMFs), hazardous substances, hazardous materials, waste materials, "low-level radioactive waste", "mixed waste" and medical, red bag, infectious or pathological wastes, on, in, into, or upon land and structures thereupon, the atmosphere, surface water, or groundwater.
12. **Bodily Injury, Personal Injury, Property Damage** or any other type of damage whatsoever, directly or indirectly caused by the presence of asbestos or lead in any form. This exclusion applies to **Claims** alleging wrongful acts or public officials' errors or omissions resulting in the presence of asbestos or lead.
13. **Intentional Acts**. Any **Claim** or **Suit** for:
 - a. **Bodily Injury** or **Property Damage** that is intended or expected from the standpoint of the **Member**, even if the **Bodily Injury** or **Property Damage** is of a different kind or degree, or is sustained by a different person, than intended. This exclusion shall not apply to **Bodily Injury** or **Property Damage** resulting from the use of reasonable force to protect persons or property, including excessive force claims under **Law Enforcement Liability**. However, if any law enforcement **Member** is found or adjudicated to have, or admits to, or pleads no contest to, committing a criminal act, the **Pool** will have no obligation to provide a defense or pay **Money Damages** on behalf of such **Member**; or
 - b. **Personal Injury** caused by or at the direction of a **Member** with the knowledge that the act would violate the rights of another; or
 - c. **Wrongful Acts**, errors or omissions that are dishonest, fraudulent, criminal or malicious.
14. Any **Claim** or **Suit** for criminal proceedings and criminal defense costs, except as specifically provided in this **Agreement**, including but not limited to those:
 - a. Arising from any criminal charges or proceedings against any **Member**;

- b. Arising out of any malfeasance of office or willful and deliberate violation of any statute, regulation or ordinance;
 - c. Arising from any other dishonest or fraudulent acts committed by any **Member**, whether working alone or with others.
- 15. Loss or damage caused by or resulting from moth, vermin, termites or other insects, inherent vice, latent defect, wear, tear or gradual deterioration, evaporation, contamination, rust, wet or dry rot, mold, **Fungi, Organic Pathogen**, dampness or atmosphere, smog, extremes of temperature or loss or damage by settling for any reason, including movement of any kind, shrinkage or expansion in building or foundation, floor or ceiling.
- 16. Any **Claim** arising out of **Cyber Liability**, except as provided in Part X – Cyber Liability Coverage;
- 17. Any **Claim** arising out of the ownership, maintenance, loading or unloading, entrustment to others, use or operation of any aircraft, airfields, runways, hangars, buildings or other properties in connection with aviation activities, and any liability arising out of the maintenance, operation or use of watercraft over 26 feet in length or watercraft used to carry persons or property for a charge. This exclusion applies even if the **Claims** against any **Member** allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by the **Member**.
- 18. Any **Claim** or **Claims** for **Bodily Injury** or **Personal Injury** relating to:
 - a. Human Immune Deficiency Virus (HIV);
 - b. Acquired Immune Deficiency Syndrome Related Complex (ARC);
 - c. Acquired Immune Deficiency Syndrome (AIDS);
 - d. Any virus, complex or syndrome that is related to the foregoing;

EXCEPT this exclusion does not apply to any actual or alleged discrimination based on the actual or alleged contraction of any of the foregoing as covered under Part VII (B) – Public Officials Errors and Omissions.
- 19. Any **Claim** based upon the **Member's** failure to comply with the Federal Employee Retirement Income Security Act of 1974 (ERISA), including subsequent amendments or any similar federal, state or local law or regulations;
- 20. Any **Claim** arising out of investment activities or the administration of self-insurance funds, except as covered in Part VI – Crime or Part VII, Item C., Employee Benefits Liability;
- 21. **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever resulting directly or indirectly from atomic or nuclear incidents, the hazardous properties of nuclear material, the preparation or operation of any site or location used in the storage of or disposal of nuclear material or nuclear waste, atomic or nuclear reaction, radiation, or radioactive contamination, however caused or characterized, including any loss or damage by fire resulting therefrom.
- 22. Any investigatory, disciplinary or criminal proceedings against an individual **Member or Named Member**, except that the **Pool** may at its own option

assign counsel in the defense of any such investigatory, administrative or disciplinary proceeding. Should the **Pool** elect to assign counsel that shall not constitute a waiver or estoppel of any rights the **Pool** may have pursuant to the terms, conditions, exclusions, and limitations of this **Agreement**.

23. Any **Claim** arising out of a breach of contract other than an employment contract. Employment contracts do not include collective bargaining agreements.
24. Any **Claim** seeking relief or redress, in any form other than **Money Damages**, and for fees or expenses relating to **Claims**, demands or actions seeking relief in any form other than **Money Damages**, unless otherwise provided by endorsement. This exclusion includes but is not limited to all costs incurred to comply with injunctive relief ordered under the Americans with Disabilities Act but shall not apply to **Claims** for monetary damages under the Americans with Disabilities Act.
25. Medical or hospital expenses or costs incurred by the **Named Member** in providing or furnishing medical aid or treatment to an inmate or detainee at a jail or correctional facility as a result of the **Named Member's** statutory or constitutional obligation to furnish medical or hospital care to an inmate or detainee within its physical custody.
26. Any **Claim** for which the **Member** is entitled to indemnity and/or payment by reason of having given notice of any circumstances which might give rise to a **Claim** under any agreement or agreements the term of which has commenced prior to the inception date of this **Agreement**.
27. **Sexual Abuse**. Any act or the participation in any act, whether alleged criminally or civilly of **Sexual Abuse** of any person by any **Member**; except as otherwise provided by Endorsement 8. This exclusion does not apply to **Claims** against any **Member** alleging negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that **Member**.
28. Punitive Damages.
29. Any **Claim**, including, but not limited to, a counter-claim or cross-claim by a **Member** against any other **Member**, whether or not the **Members** are related to the same **Named Member**, for anything other than Property Damage and Employment Practices Liability.
30. Any **Claim** related to the operation or administration of a detention center when said detention center is operated or administered by anyone other than a **Named Member** is excluded from **Law Enforcement Liability** coverage (Part IX, supra) under this **Agreement**. This exclusion does not apply when a **Named Member** participates in the operation or administration of the detention center through a Joint Powers Agreement with other local governments **and** the detention center's employees are employees of the **Named Member**.
31. Any cost, **Money Damages**, civil fine or penalty against any **Member** for any compliance or enforcement action regarding any tax, including allegations of over-assessment of taxes;
32. **Money Damages** assessed under the Inspection of Public Records Act that are required by statute to be paid from funds of the public body.

33. All loss, cost or expense arising out of or related to, either directly or indirectly, any "Terrorist Activity" as defined herein, and any action taken to hinder, defend against or respond to any such activity. This exclusion applies regardless of any other cause or event that in any way contributes concurrently or in any sequence to the loss, cost or expense.
- a. "Terrorist Activity" shall mean any deliberate, unlawful act that:
- i. is declared by any authorized governmental official to be or to involve terrorism, terrorist activity or acts of terrorism; or
 - ii. includes, involves, or is associated with the use or threatened use of force, violence or harm against any person, tangible or intangible property, the environment, or any natural resources, where the act or threatened act is intended, in whole or in part, to
 1. promote, further or express opposition to any political, ideological, philosophical, racial, ethnic, social or religious cause or objective; or
 2. influence, disrupt or interfere with any government related operations, activities or policies; or
 3. intimidate, coerce or frighten the general public or any segment of the general public; or
 4. disrupt or interfere with a national economy or any segment of the national economy; or
 - iii. includes, involves, or is associated with, in whole or in part, any of the following activities, or the threat thereof:
 1. hijacking or sabotage of any form of transportation or conveyance, including but not limited to spacecraft, satellite, aircraft, train, vessel, or motor vehicle;
 2. hostage taking or kidnapping;
 3. the use or threatened use of, or release or threatened release of any nuclear, biological, chemical or radioactive agent, material, device or weapon;
 4. the use of any bomb, incendiary device, explosive or firearm;
 5. the interference with or disruption of basic public or commercial services and systems, including but not limited to the following services or systems: electricity, natural gas, power, postal, communications, telecommunications, information, public transportation, water, fuel, sewer or waste disposal;
 6. the injuring or assassination of any elected or appointed government official or any government employee;
 7. the seizure, blockage, interference with, disruption of, or damage to any government buildings, institutions, functions, events, tangible or intangible property or other assets; or
 8. the seizure, blockage, interference with, disruption of, or damage to tunnels, roads, streets, highways, or other places of public transportation or conveyance.,

- b. Any of the activities listed in section a. (iii) above shall be considered "Terrorist Activity" except where the **Named Member** can demonstrate to the **Pool** that the foregoing activities or threats thereof were motivated solely by personal objectives of the perpetrator that are unrelated, in whole or in part, to any intention to
 - i. promote, further or express opposition to any political, ideological, philosophical, racial, ethnic, social or religious cause or objective; or
 - ii. influence, disrupt or interfere with any government related operations, activities or policies; or
 - iii. intimidate, coerce or frighten the general public or any segment of the general public; or
 - iv. disrupt or interfere with a national economy or any segment of a national economy.
- 34. Any **Claim** arising out of the igniting or discharging of fireworks in conjunction with any display, demonstration or show on privately owned property. Fireworks include but are not limited to firecrackers and all aerial or ground displays.
- 35. Communicable Disease Exclusion. Notwithstanding any other provision of this **Agreement**, this coverage does not apply to any actual or alleged liability, injury, loss, damages, claim, cost, expense, fee or any other payment of any kind, directly or indirectly based upon, in whole or in part, arising out of:
 - a. a **Communicable Disease**; or
 - b. the fear or threat (whether actual or perceived) of a **Communicable Disease**; or
 - c. any requirement or recommendation of any **Governmental Authority** regarding a **Communicable Disease**;
 - d. the actual or alleged transmission, spread or failure to prevent, suppress or remove a **Communicable Disease**; or
 - e. the reporting of, monitoring of, disclosure of, testing for, or failure to report, monitor, disclose or test for, a **Communicable Disease**.

This Exclusion applies regardless of whether:

- a. any other cause, event, material, product or incident of whatever kind or nature contributed, concurrently or in any sequence, to the actual or alleged liability, injury, loss, damage, claim, cost, expense or any other payment of any kind; or
- b. such actual or alleged liability, injury, loss, damage, claim, cost, expense or any other payment of any kind is based upon, caused by, resulting from, arising from, related to, or attributable, in whole or in part, to any persons (including, without limitation, any insured or other person or entity).

We will have no duty or obligation to defend, indemnify, or pay to or on behalf of any person (including, without limitation, any insured or other person or entity), with respect to any claim, suit or proceeding that alleges or is, directly or indirectly, in whole or in part, arising out of any of the above, except as otherwise provided by endorsement.

Part IV – General Definitions

“Accident” means an event or **Occurrence**, including continuous and repeated exposure to the same general harmful conditions, which occurs on or after the retroactive dates attached to this **Agreement** and which results in **Bodily Injury, Personal Injury or Property Damage**. If the **Bodily Injury, Personal Injury** or and **Property Damage** result from the same **Occurrence**, it shall be treated as resulting from one **Accident**.

“Agreement” or **“Coverage Agreement”** means the **Coverage Agreement** created to describe the property, liability and law enforcement coverages provided to the **Named Members** of the **Pool**.

“Automobile” means any motor vehicle intended or designed for travel on public roads, and trailers or semi-trailers, including their equipment and any other equipment permanently attached to it, but **Automobile** does not include **Mobile Equipment**. However, self-propelled vehicles with the following types of permanently attached equipment are considered **Automobiles**: equipment designed primarily for snow removal; equipment designed primarily for road maintenance, but not construction or resurfacing; equipment designed primarily for street cleaning; cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and air compressors, pumps, and generators, including spraying, welding building cleaning, geophysical exploration, lighting, and well servicing equipment.

“Bodily Injury” means physical injury (including death) to any person, and any mental anguish or shock, sickness, disease, disability or death associated with or arising from that physical injury. **Bodily Injury** also includes battery.

“Claim” is a demand for **Money Damages** resulting from an **Occurrence** for which a **Member** seeks coverage under this **Agreement**.

“Claims Expense” includes hospital, medical and funeral charges and all sums paid as fees, charges and legal costs, premiums on attachment or appeal bonds, interest, expenses for doctors, lawyers, nurses and investigators, and for litigation, settlement, adjustment and investigation of **Claims** and lawsuits which are paid as a consequence of any **Occurrence** covered by this **Agreement**. **This Agreement does not cover any claim for front pay, back pay or other incidents of compensation or benefits due to a Named Member’s employees.**

“Communicable Disease” means a disease, illness or condition directly or indirectly based upon, caused by, arising out of, relating or attributable to, in whole or in part, any actual, alleged, direct or indirect contact with or exposure to any **Infectious Agent**.

“Cyber Liability” means any liability resulting from the unauthorized access, unauthorized use, receipt or transmission of a malicious code or denial of service attack, arising out of a **Member’s** business operations which:

1. Alters, copies, misappropriates, corrupts, destroys, disrupts, deletes, damages or prevents, restricts or hinders access to, a Computer System, including data stored on a third party’s Computer System;
2. Results in the disclosure of private or confidential information stored on a Computer System;

3. Results in identity theft

Whether any of the foregoing is intentional or unintentional, malicious or accidental, fraudulent or innocent, and regardless of whether the perpetrator is motivated by profit.

As used herein, Computer System shall mean computers and associated input and output devices, data storage devices, networking equipment, and back up facilities:

1. operated by and either owned by or leased to the **Member**; or
2. systems operated by a third party service provider and used for the purpose of providing hosted computer application services to the **Member** or for processing, maintaining, hosting or storing the **Member's** electronic data, pursuant to a written agreement or contract with the **Member** for such services.

"Deductible" means the amount the **Named Member** is legally obligated to reimburse the Pool before the Pool incurs liability. The deductible applies to all costs, fees and expenses incurred by the Pool for any claim.

"Employee Benefit Programs" means group life insurance, group accident or health insurance, pension plans, profit sharing plans, employee savings and investment plans, employee stock subscription plans, travel or vacation plans, workers' compensation, unemployment insurance, social security, disability benefits insurance, employee welfare benefit plans and welfare plans, and any other similar employee benefit programs.

"Employment Practices Liability Wrongful Act" means an allegation of improper:

1. Refusal to employ;
2. Termination of employment;
3. Practices, policies, acts or omissions such as coercion, demotion, failure to promote, evaluation, supervision, reassignment, discipline, humiliation, libel, slander, defamation of character, harassment (however characterized), including violations of civil rights including discrimination by the **Member**, which are employment related;
4. Selection, supervision or dismissal of any **Member**.
5. Retaliation

"Fungi" shall mean any form of fungus including, but not limited to, yeast, mold, mildew, rust, smut, mushroom, spores, mycotoxins, odors, or any other substances, products, or byproducts produced by, released by, or arising out of the current or past presence of **Fungi**.

"Governmental Authority" means any foreign, international, federal, state or local government, regulatory entity, administrative body, judicial body, quasi-governmental entity or, in each case, any subdivision or instrumentality thereof, and includes, without limitation, any statute, regulation, law, ordinance, order, directive or guidance issued by any of them.

"Infectious Agent" means one or more of any bacteria, viruses, markers, microbial agents, microorganisms, biological organisms, parasites, insects, protozoa, or any other source, combination, variant or mutation thereof, capable of transmission or spreading by any means from any source.

"Law Enforcement Activities" means the activities of any **Member** while acting as a law enforcement official, officer, reserve officer, detention officer, employee, or volunteer of a law enforcement agency or department or detention facility of the **Named Member**. **Law Enforcement Activities** also includes any activities of any **Member** in the hiring, training, supervising, or in any way related to a **Claim** or **Suit** involving **Law Enforcement Activities** whether or not the claimed offender is a law enforcement official, officer, reserve officer, detention officer, employee, or volunteer of a law enforcement agency or department or detention facility of the **Named Member**. **Law Enforcement Activities** do not include employment practice violations even if they involve law enforcement personnel. **Law Enforcement Activities** include the rendering or failure to render medical care to inmates or detainees at a county detention facility. With regard to **Claims** involving **Automobiles**, the cause of action or nature of the **Claim** will determine whether Law Enforcement, **Automobile** Liability or General Liability coverage applies.

"Law Enforcement Liability" means liability incurred due to law enforcement activities, specifically for actions for which immunity is waived under the New Mexico Tort Claims Act, and or for civil rights violations.

"Member" means not only the **Named Member** County but also any official, trustee, director, officer, partner or employee of the **Named Member** while acting within the scope of his or her duties as such; any volunteer acting for or on behalf of the **Named Member**, provided that individual has been authorized to act on behalf of the **Named Member** by an official, director or supervisory officer of the **Named Member**; and any person or organization, to whom the **Named Member** is obligated by virtue of written contract or agreement to provide coverage such as is offered by this **Agreement**, but only in respect to operations by or on behalf of the **Named Member**. Also, for **Automobile** Liability, see Part VIII, **Definitions**.

"Mobile Equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
2. Vehicles maintained for use solely on or next to premises the **Named Member** owns or rents;
3. Vehicles that travel on crawler treads;
4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted power cranes, shovels, loaders, diggers or drills or to road construction or resurfacing equipment such as graders, scrapers or rollers;
5. Vehicles not described above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types: air compressors, pumps and generators including spraying, welding, building, cleaning, geophysical exploration, lighting and well servicing equipment or cherry pickers and similar devices used to raise or lower workers;

6. Vehicles not described above which are maintained primarily for purposes other than the transportation of persons or cargo.

"Money" means currency, coins, and bank notes in current use and having a face value; and Travelers checks, register checks and money orders held for sale to the public, but **Money** does not include **Securities**.

"Money Damages" means all sums recoverable by law from any liability covered under this **Agreement** excluding punitive damages if awarded, but not including any sums awarded for plaintiff's attorney fees under 42 U.S.C., Section 1988 in any case in which monetary damages are not sought or not awarded. **"Money Damages"** include jury awards, settlements, attorneys' fees and costs, but do not include front or back pay, overtime pay or other benefits that are routinely paid by a **Named Member** to its employees.

"Named Member" means the County named on Endorsement #1 of this **Coverage Agreement**.

"Notice of Claim" means the following:

1. The **Member** receives or is served with any demands, notices, lawsuits, summonses, or legal papers in connection with a **Claim**, or the **Member** is aware of a first party claim; and
2. The **Member** provides written notice of the claim to the **Pool** in accordance with the Claims Process contained in Part II, Coverage Conditions.

"Occurrence" means an **Accident, Wrongful Act** or a happening or event or a continuous and repeated exposure to conditions, including but not limited to, those which result in **Bodily Injury, Property Damage** or **Personal Injury**. All **Bodily Injury, Personal Injury** or **Property Damage** attributable, directly or indirectly, to a single cause or a series of similar causes shall be deemed one **Occurrence**, irrespective of the period of time or area over which such losses occur. There may be multiple **Claims** or claimants involved in one **Occurrence**; however only one deductible applies per **Occurrence**.

"Organic Pathogen" means any bacterium, virus, fungus, mold, mildew, mycota, myco-toxins, spore, or any biogenic aerosols, or any by-product or infestation produced by such pathogen.

"Personal Injury" means mental anguish, shock, sickness, disease, disability or wrongful eviction arising out of malicious prosecution, humiliation, invasion of rights of privacy, (except those arising out of **Cyber Liability** as defined in this coverage document), libel, slander or defamation of character; also piracy and any infringement of copyright or of intellectual property, and erroneous service of civil papers. **Personal Injury** also means false arrest, false imprisonment and/or detention and violation of civil rights, which means discrimination based on age, sex, race, ethnic background, national origin, religion, handicap or disability, and deprivation of rights, privileges, or immunities secured by the Constitution of the United States or of New Mexico.

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals, liquids, solids, gases, thermal pollutants, sounds, waste and all other irritants or contaminants. "Waste" includes materials to be recycled, reconditioned or reclaimed.

"Pool" means the New Mexico County Insurance Authority Self-Insurance Pool.

"Pool Annual Aggregate" means the **Pool's** total liability for **Money Damages** resulting from all **Claims** first made against the **Named Members** during the **Agreement** period and shall not exceed the amount stated in the Declarations as aggregate regardless of the time when such **Claim** is paid. In the event the **Named Member** exercises the right to purchase the Optional Extended Reporting Period, Part II, Section N the aggregate limit for the Optional Extended Reporting Period, Part II, Section N shall be no more than that which remains of the aggregate limit from the immediately preceding **Agreement** period.

"Premises" means the entirety of the **Named Member's** property which is owned or occupied by the **Named Member** in conducting its business operations.

"Premises Medical Payments/Automobile Medical Payments" means reasonable expenses for first aid at the time of an **Accident**, necessary medical, surgical, x-ray and dental services, ambulance, hospital, professional nursing and funeral services. **Premises Medical Payments** does not apply to expenses incurred in treating inmates while in the care and/or custody of a **Named Member**.

"Property Damage" means direct damage to or destruction or loss of tangible property, including all resulting loss of use of property. This definition applies to Parts VII and VIII of this **Agreement**. **Property Damage** excludes damage to the property owned by the **Named Member** but includes damage to property of others in the care, custody or control of the **Named Member** or property purchased by the **Named Member** under a contract which provides that the title remain with the sellers until payments are completed, in which case the **Pool's** liability is limited to the amount of payments outstanding.

"Retaliation" means any actual or alleged response of a **Member** to:

1. The disclosure or threat of disclosure by a **Member** to a superior or to any governmental agency of any act of the **Named Member** where such act is alleged to be in violation of any federal, state, local or foreign law, whether common or statutory, or any rule or regulation promulgated thereunder;
2. The actual or attempted exercise by a **Member** of any right that such **Member** has under law, including rights under any workers' compensation law, the Family and Medical Leave Act, the Americans with Disabilities Act or any other law relating to employee rights;
3. The filing of any claim under the Federal False Claims Act or any similar federal, state, local or foreign whistleblower or whistleblower provision of any law; or
4. Any legally protected employee work stoppage or slowdown

"Scope of Duty" means performing any duties a public employee is requested, required or authorized by the **Named Member**, regardless of the time and place of performance.

"Securities" means all negotiable instruments or contracts representing either money or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include **Money**.

“Sexual Abuse” means any actual, attempted or alleged criminal sexual conduct, verbal or written conduct using visual images, including such conduct by electronic means, towards a person by another person, or persons acting in concert, which causes physical and/or mental injury. **Sexual Abuse** includes: sexual molestation, sexual assault, sexual exploitation or sexual injury. **Sexual Abuse** does not include **Sexual Harassment**.

“Sexual Harassment” means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature towards a person by another person, or persons acting in concert, which causes physical and/or mental injuries. **Sexual Harassment** includes:

1. The above conduct when submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person; or
2. The above conduct when such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.

Sexual Harassment does not include **Sexual Abuse**.

“Strip Search” means the visual or physical examination of an individual's naked body, anus or vagina for weapons, drugs or other contraband and includes any search that requires the subject to remove or arrange some of all of their clothing to permit inspection of the breasts (women only), buttocks, genitalia, anus or vagina.”

“Wrongful Act” means any actual or alleged error or mis-statement, omission, act or neglect or breach of duty due to misfeasance, malfeasance, and non-feasance, including any **Employment Practice Liability Wrongful Act**, or **Law Enforcement Liability Wrongful Act**, Discrimination, and Violation of Civil Rights by the **Member**, resulting in **Bodily Injury**, **Personal Injury** or **Property Damage**. All **Claims** based on or arising out of the same **Wrongful Act** or a series of related **Wrongful Acts** by one or more **Member** shall be deemed one **Occurrence**. Only one **Coverage Agreement**, one **Deductible**, and one limit of coverage is applicable to any one **Wrongful Act**.

Part V – Property

Property coverage is set forth in the ~~2024-2025~~ NMCA Property Coverage Agreement.

For purposes of this Part V, Property, the following definitions and conditions shall apply:

A. DEFINITIONS.

“Property” or **“Property of the Named Member”** means all real and personal property, including leasehold improvements or betterments which the **Named Member** owns, property which the **Named Member** holds on consignment or agrees to cover by any contractual agreement normal to its operations, and the **Named Member's** own property in the course of construction, repair or renovation

Part VI – Crime

Crime coverage is set forth in the crime policy provided by National Union Fire Insurance Company of Pittsburgh, PA, policy number ~~01-933-14-2902-778-03-53~~.

Part VII – Liability

SECTION A – GENERAL LIABILITY

I. CLAIMS MADE COVERAGE AGREEMENT

A. What the Pool Will Pay

CLAIMS MADE COVERAGE AGREEMENT: PAYMENT AND DEFENSE

In consideration of the **Named Member's** contribution and subject to the terms, exclusions and definitions in this **Agreement**, the **Pool** agrees to pay on behalf of the **Member** all sums which the **Member** shall become legally obligated to pay as a result of **Money Damages** by reason of the negligent act(s) committed by the **Member** stated in a **Claim**, to which this coverage applies, which results in **Personal Injury, Bodily Injury** or **Property Damage** arising out of an **Occurrence**.

PROVIDED ALWAYS that the following are true:

1. **Notice of Claim** occurs during the **Agreement** Period or during the Optional Extended Reporting Period, if applicable; and
2. The negligent act for which **Claim** is first made happened on or after the applicable retroactive date set forth in this **Agreement** and before the end of the **Agreement** period; and
3. The **Member** had no knowledge or reason to believe at the inception of the first **Agreement** Period or any extensions or renewals thereof that any negligent act was likely to result in a **Claim** being made against any **Member**.

B. Defense

1. Subject to all of the provisions contained in this **Agreement**, the **Pool** has the right and duty to defend any **Claim** arising out of the categories of conduct enumerated above brought against the **Member**, alleging a negligent act and seeking **Money Damages** on account thereof, even if a **Claim** is groundless, false or fraudulent. The **Pool** shall have the right to incur **Claims Expenses** and to make such investigation and settlement of any **Claim** or suit as may be deemed expedient by the **Pool** and the **Pool** may settle any **Claim** at its sole discretion and without the consent of the **Member**, although the **Pool** will endeavor to seek the input of the **Member**. The determination by the **Pool** as to any settlement and as to the reasonableness of settlements and **Claims Expenses** shall be conclusive on the **Member**. The **Pool** shall have the right, but not the obligation, to appeal any judgment adverse to the **Member**.

2. (a). Upon written request to the **Pool** by a **Member** for pre-**Claim** involvement of the **Pool** prior to the formal existence of a **Claim**, the **Pool** has the right, but not the duty, to designate attorneys, investigators, or other persons to perform work and incur expenses on behalf of the **Member** where the **Pool** anticipates a **Claim**.

(b) If, in the sole discretion of the **Pool**, employing the services of attorneys, investigators, or other persons to perform work and incur expenses on behalf of any **Member** or the **Pool** is deemed appropriate to protect **Pool** interests prior to the formal existence of a **Claim**, the **Pool** has the right, but not the duty, to employ such persons as a **Pool** operational expense.
3. The **Pool** shall have the right, but not the duty, to monitor and participate in the defense of any investigatory, administrative or disciplinary proceeding relating to any **Member**. Should the **Pool** elect to defend, monitor or participate under this provision, such election shall not constitute a waiver of any rights the **Pool** may have pursuant to any of the provisions of the **Coverage Agreement**.

II. EXCLUSIONS APPLICABLE TO SECTION A – GENERAL LIABILITY

In addition to the general exclusions of this **Agreement**, this part does not apply to:

- A. Any **Claim** for **Money Damages**, whether direct or consequential, or for any cause of action which is covered under any other section of this **Agreement**.
- B. Damage or destruction of property owned by the **Named Member**.
- C. The withdrawal, inspection, repair, replacement, or loss of use of the **Named Member's** products or work completed by or on behalf of the **Named Member** or of any property of which such products or work form a part, if such products, work or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein.
- D. **Bodily Injury, Property Damage, Personal Injury** or any other damages whatsoever caused by the maintenance, operation, use, loading or unloading, or entrustment of an **Automobile**. This exclusion applies even if the **Claims** against and **Member** allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that **Member**.

SECTION B – EMPLOYMENT PRACTICES LIABILITY

I. CLAIMS MADE COVERAGE AGREEMENT

A. What the Pool Will Pay

The **Pool** agrees, subject to the limitations, terms and conditions of this **Agreement**, to provide a defense and pay on behalf of the **Member** all **Money Damages** that the **Member** shall become legally obligated to pay by reason of any **Employment Practices Liability Wrongful Act** arising out of any **Claim** first made during the period of this **Agreement**.

PROVIDED ALWAYS that the following are true:

1. **Notice of Claim** occurs during the **Agreement** Period or during the Optional Extended Reporting Period, if applicable; and
2. The **Employment Practices Liability Wrongful Act** for which a **Claim** is first made happened on or after any applicable retroactive date set forth in this **Agreement** and before the end of the **Agreement** period; and
3. The **Member** had no knowledge or reason to believe at the inception of the first **Agreement** Period or any extensions or renewals thereof that any **Employment Practices Liability Wrongful Act** was likely to result in a **Claim** being made against any **Member**.

The **Pool** will pay on behalf of the **Member Money Damages** and expenses incurred by the **Pool**, the cost of attachment or similar bonds (but without any obligation on the part of the **Pool** to apply for or furnish such bonds), and costs, charges and expenses incurred in connection with any governmental investigation provided that a **Claim** is brought against the **Member** for an **Employment Practices Liability Wrongful Act** that is or was a subject of a governmental investigation, and that **Claim** is otherwise covered by this **Agreement**.

B. Defense

1. Subject to all of the provisions contained in this **Agreement**, the **Pool** has the right and duty to defend any **Claim** brought against the **Member** alleging an **Employment Practices Liability Wrongful Act** and seeking **Money Damages** on account thereof, even if a **Claim** is groundless, false or fraudulent. The **Pool** shall have the right to incur **Claims Expenses** and to make such investigation and settlement of any **Claim** or suit as may be deemed expedient by the **Pool** and the **Pool** may settle any **Claim** at its sole discretion and without the consent of the **Member**, although the **Pool** will endeavor to seek the input of the **Member**. The determination by the **Pool** as to any settlement and as to the reasonableness of settlements and **Claims Expenses** shall be conclusive on the **Member**. The **Pool** shall have the right, but not the obligation, to appeal any judgment adverse to the **Member**.
2. (a) Upon written request to the **Pool** by a **Member** for pre-**Claim** involvement of the **Pool** prior to the formal existence of a **Claim**, the **Pool** has the right, but not the duty, to designate attorneys, investigators, or other persons to perform work and incur expenses on behalf of the **Member** where the **Pool** anticipates a **Claim**.

(b) If, in the sole discretion of the **Pool**, employing the services of attorneys, investigators, or other persons to perform work and incur expenses on behalf of any **Member** or the **Pool** is deemed appropriate to protect **Pool** interests prior to the formal existence of a **Claim**, the

Pool has the right, but not the duty, to employ such persons as a **Pool** operational expense.

3. The **Pool** shall have the right, but not the duty, to monitor and participate in the defense of any investigatory, administrative or disciplinary proceeding relating to any **Member**. Should the **Pool** elect to defend, monitor or participate under this provision, such election shall not constitute a waiver of any rights the **Pool** may have pursuant to any of the provisions of the **Agreement**.

II. EXCLUSIONS APPLICABLE TO EMPLOYMENT PRACTICES LIABILITY

In addition to the general exclusions of this **Agreement**, this section shall not apply to any **Claim** made against the **Member**:

- A. For actual or alleged **Bodily Injury**, sickness, disease or death of any person, or damage or destruction of any tangible or intangible property including loss of use thereof, whether or not such property is physically injured; provided, however, that this exclusion shall not apply to mental anguish, emotional distress or humiliation;
- B. For any actual or alleged violation of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974, the New Mexico Public Employee Bargaining Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act, all as amended, or any rules or regulations promulgated thereunder, or similar provisions of any common or statutory federal, state or local law; provided, however, this exclusion does not apply to any such **Claim** alleging violations of the Equal Pay Act or **Retaliation**;
- C. For any actual or alleged **Sexual Abuse**. However, with respect to civil defense only, the **Pool** will provide defense and indemnification to any **Member** alleged to have committed an act of **Sexual Abuse**; provided that, in no event shall further defense or indemnity be provided where a judgment or other final adjudication should establish, or it is otherwise determined, that the **Member** committed or participated in any act of **Sexual Abuse**
- D. Alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving any dishonest, deliberately fraudulent or criminal act; provided, however, that with respect to civil proceedings only, this exclusion shall not apply unless and until there is a final judgment against such **Member** as to such conduct. If such excluded conduct is established through a final judgment, the **Member** shall reimburse the **Pool** for any costs, charges and expenses;

- E. Alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving, any actual or alleged responsibility, obligation or duty of any **Member** pursuant to any workers compensation, unemployment insurance, social security, disability benefits or pension benefits or similar law; provided, however, this exclusion shall not apply to any such **Claim** alleging **Retaliation**; or
- F. For that portion of any **Money Damages** covered under any other coverage section of this **Agreement**.

III. SPECIFIC CONDITIONS – PART VII – LIABILITY

A. Employment Practices Liability Deductible

The **Pool's** liability for **Money Damages** as the result of any one **Employment Practices liability Occurrence** is limited as described in the Limits of Coverage of this **Agreement** less the amount of the **Named Member's Employment Practices Liability** deductible as set forth in the Endorsements.

For the purpose of determining the limit of liability, all **Money Damages** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **Occurrence**.

SECTION C – PUBLIC OFFICIALS ERRORS AND OMISSIONS LIABILITY

I. CLAIMS MADE COVERAGE AGREEMENT

A. What the Pool Will Pay

The **Pool** agrees, subject to the limitations, terms and conditions of this **Agreement**, to provide a defense and pay on behalf of the **Member** all **Money Damages** that the **Member** shall become legally obligated to pay by reason of any Public Officials Errors and Omissions Liability **Wrongful Act** arising out of any **Claim** first made during the period of this **Agreement**.

PROVIDED ALWAYS that the following are true:

1. **Notice of Claim** occurs during the **Agreement** Period or during the Optional Extended Reporting Period, if applicable; and
2. The Public Officials Errors and Omissions Liability **Wrongful Act** for which a **Claim** is first made happened on or after any applicable retroactive date set forth in this **Agreement**; and before the end of the **Agreement** period; and
3. The **Member** had no knowledge or reason to believe at the inception of the first **Agreement** Period or any extensions or renewals thereof that any Public Officials Errors and Omission Liability **Wrongful Act** was likely to result in a **Claim** being made against any **Member**.

The **Pool** will pay on behalf of the **Member Money Damages** and expenses incurred by the **Pool**, the cost of attachment or similar bonds (but without any obligation on the part of the **Pool** to apply for or furnish such bonds), and costs, charges and expenses incurred in connection with any governmental

investigation provided that a **Claim** is brought against the **Member** for a Public Officials Errors and Omissions Liability **Wrongful Act** that is or was a subject of a governmental investigation, and that **Claim** is otherwise covered by this **Agreement**.

B. Defense

1. Subject to all of the provisions contained in this **Agreement**, the **Pool** has the right and duty to defend any **Claim** brought against the **Member** alleging a Public Officials Errors and Omissions Liability **Wrongful Act** and seeking **Money Damages** on account thereof, even if a **Claim** is groundless, false or fraudulent. The **Pool** shall have the right to incur **Claims Expenses** and to make such investigation and settlement of any **Claim** or suit as may be deemed expedient by the **Pool** and the **Pool** may settle any **Claim** at its sole discretion and without the consent of the **Member**, although the **Pool** will endeavor to seek the input of the **Member**. The determination by the **Pool** as to any settlement and as to the reasonableness of settlements and **Claims Expenses** shall be conclusive on the **Member**. The **Pool** shall have the right, but not the obligation, to appeal any judgment adverse to the **Member**.
2. (a) Upon written request to the **Pool** by a **Member** for pre-**Claim** involvement of the **Pool** prior to the formal existence of a **Claim**, the **Pool** has the right, but not the duty, to designate attorneys, investigators, or other persons to perform work and incur expenses on behalf of the **Member** where the **Pool** anticipates a **Claim**.

(b) If, in the sole discretion of the **Pool**, employing the services of attorneys, investigators, or other persons to perform work and incur expenses on behalf of any **Member** or the **Pool** is deemed appropriate to protect **Pool** interests prior to the formal existence of a **Claim**, the **Pool** has the right, but not the duty, to employ such persons as a **Pool** operational expense.
3. The **Pool** shall have the right, but not the duty, to monitor and participate in the defense of any investigatory, administrative or disciplinary proceeding relating to any **Member**. Should the **Pool** elect to defend, monitor or participate under this provision, such election shall not constitute a waiver of any rights the **Pool** may have pursuant to any of the provisions of the **Agreement**.

II. EXCLUSIONS APPLICABLE TO PUBLIC OFFICIALS ERRORS AND OMISSIONS LIABILITY

In addition to the general exclusions of this **Agreement**, this section shall not apply to any **Claim** made against the **Member**:

- A. Based upon or attributable to their gaining in fact any personal profit or advantage to which they were not legally entitled including remuneration paid in violation of law as determined by the courts.
- B. Based upon or attributable to the rendering or failure to render any opinion, treatment, consultation or service if that opinion, treatment, consultation or service was rendered or failed to have been rendered while the **Member** was

engaged in any activity for which they received compensation from any source other than the **Named Member**.

- C. Arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of bid specifications or plans or to injury to, destruction or disappearance of any tangible Property (including Money) or the loss of use thereof.
- D. Arising out of the failure to supply a specific amount of electrical power or fuel arising out of the interruption of the electrical power or fuel supply.
- E. Arising out of or in any way involving any employee benefit plan of the **Named Member**.
- F. For any **Claim** covered under Section A, General Liability or Section B, Employment Practices Liability.
- G. Damage or destruction of property owned by the **Named Member**.
 - 1. Arising from:
 - a. Procurement of goods or services;
 - b. Construction contracts;
 - c. Architectural or engineering contracts; or
 - d. The process of bidding or awarding contracts.
- H. For any **Claim** regarding any sanction or fine from the State Ethics Commission against any county elected official of the **Named Member**.

SECTION D – EMPLOYEE BENEFITS LIABILITY

I. CLAIMS MADE COVERAGE AGREEMENT

A. What the Pool Will Pay

In consideration of the **Named Member's** contribution and subject to the terms, exclusions and definitions in this **Agreement**, the **Pool** agrees to pay on behalf of the **Named Member** all sums which the **Member** shall become legally obligated to pay as a result of **Money Damages** sustained by an employee, prospective employee, former employee or the beneficiaries or legal representatives thereof in the **Administration** of the **Named Member's Employee Benefit Programs** as defined in this section and caused by any negligent act, error or omission by the **Named Member** or any other person for whose acts the **Named Member** is legally liable, for **Claims** first made during the **Agreement** Period.

PROVIDED ALWAYS that the following are true:

1. **Notice of Claim** occurs during the **Agreement** Period or during the Optional Extended Reporting Period, if applicable; and
2. The error, omission or negligent act for which **Claim** is first made happened on or after any applicable retroactive date set forth in this **Agreement** and before the end of the **Agreement** period; and
3. The **Member** had no knowledge or reason to believe at the inception of the first **Agreement** Period or any extensions or renewals thereof that any error, omission or negligent act was likely to result in a **Claim** being made against any **Member**.

B. **Defense**

1. Subject to all of the provisions contained in this **Agreement**, the **Pool** has the right and duty to defend any **Claim** arising out of the categories of conduct enumerated above brought against the **Member**, alleging an error, omission or negligent act and seeking **Money Damages** on account thereof, even if a **Claim** is groundless, false or fraudulent. The **Pool** shall have the right to incur **Claims Expenses** and to make such investigation and settlement of any **Claim** or suit as may be deemed expedient by the **Pool** and the **Pool** may settle any **Claim** at its sole discretion and without the consent of the **Member**, although the **Pool** will endeavor to seek the input of the **Member**. The determination by the **Pool** as to any settlement and as to the reasonableness of settlements and **Claims Expenses** shall be conclusive on the **Member**. The **Pool** shall have the right, but not the obligation, to appeal any judgment adverse to the **Member**.
2. (a) Upon written request to the **Pool** by a **Member** for pre-**Claim** involvement of the **Pool** prior to the formal existence of a **Claim**, the **Pool** has the right, but not the duty, to designate attorneys, investigators, or other persons to perform work and incur expenses on behalf of the **Member** where the **Pool** anticipates a **Claim**.

(b) If, in the sole discretion of the **Pool**, employing the services of attorneys, investigators, or other persons to perform work and incur expenses on behalf of any **Member** or the **Pool** is deemed appropriate to protect **Pool** interests prior to the formal existence of a **Claim**, the **Pool** has the right, but not the duty, to employ such persons as a **Pool** operational expense.
3. The **Pool** shall have the right, but not the duty, to monitor and participate in the defense of any investigatory, administrative or disciplinary proceeding relating to any **Member**. Should the **Pool** elect to defend, monitor or participate under this provision, such election shall not constitute a waiver of any rights the **Pool** may have pursuant to any of the provisions of the **Agreement**.

II. **EXCLUSIONS APPLICABLE TO EMPLOYEE BENEFITS LIABILITY**

In addition to the general exclusions of this **Agreement**, this section shall not apply to any **Claim** made against the **Member** for:

- A. **Bodily Injury** to, or sickness, disease, or death, of any person, or to injury to or destruction of any tangible property, including the loss of use thereof.
- B. **Personal Injury** or **Property Damage**.
- C. Any **Claim** for failure of performance of contract by any insurer, including failure of any **Employee Benefit Program**.
- D. Any **Claim** based upon the **Member's** failure to comply with any law concerning workers' compensation, unemployment insurance, social security or disability benefits.
- E. Any **Claim** based upon:
 - 1. Failure of investment to perform as represented by any **Member**;
 - 2. Advice given by a **Member** to a employee to participate or not to participate in stock subscription plans;
 - 3. The investment or non-investment of funds; or
 - 4. Errors in providing information on the past performance of investment vehicles.
- F. Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state law;
- G. **Money Damages** arising out of employment, employment discrimination, or other employment-related practices;
- H. Any **Claim** arising out of the **Member's** failure to comply with the mandatory provisions of any workers' compensation, unemployment compensation insurance, social security or disability benefits law or any similar law.

III. DEFINITIONS

The unqualified word "**Administration**" wherever used means:

- A. Giving counsel to employees with respect to the **Employee Benefits Programs**;
- B. Interpreting the **Employee Benefit Programs**;
- C. Handling records in connection with the **Employee Benefits Programs**; and
- D. Effecting the enrollment, termination or cancellation of employees under the **Employee Benefits Programs**; provided all such acts are authorized by the **Named Member**.

Part VIII – Auto Liability

I. CLAIMS MADE COVERAGE AGREEMENT

A. What the Pool Will Pay

The **Pool** agrees to pay for those sums which the **Member** becomes legally obligated to pay as **Money Damages** because of **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance or use of any **Automobile**, subject to the limitations, terms and conditions of this **Agreement**.

PROVIDED ALWAYS that the following are true:

1. **Notice of Claim** occurs during the **Agreement** Period or during the Optional Extended Reporting Period, if applicable; and
2. The **Accident** for which a **Claim** is first made happened on or after any applicable retroactive date set forth in this **Agreement** and before the end of the **Agreement** period; and
3. The **Member** had no knowledge or reason to believe at the inception of the first **Agreement** Period or any extensions or renewals thereof that any Accident was likely to result in a **Claim** being made against any **Member**.

B. Defense

1. Subject to all of the provisions contained in this **Agreement**, the **Pool** has the right and duty to defend any **Claim** arising out of the categories of conduct enumerated above brought against the **Member** alleging an **Accident** and seeking **Money Damages** on account thereof, even if a **Claim** is groundless, false or fraudulent. The **Pool** shall have the right to incur **Claims Expenses** and to make such investigation and settlement of any **Claim** or suit as may be deemed expedient by the **Pool** and the **Pool** may settle any **Claim** at its sole discretion and without the consent of the **Member**, although the **Pool** will endeavor to seek the input of the **Member**. The determination by the **Pool** as to any settlement and as to the reasonableness of settlements and **Claims Expenses** shall be conclusive on the **Member**. The **Pool** shall have the right, but not the obligation, to appeal any judgment adverse to the **Member**.
2. (a) Upon written request to the **Pool** by a **Member** for pre-**Claim** involvement of the **Pool** prior to the formal existence of a **Claim**, the **Pool** has the right, but not the duty, to designate attorneys, investigators, or other persons to perform work and incur expenses on behalf of the **Member** where the **Pool** anticipates a **Claim**.

(b) If, in the sole discretion of the **Pool**, employing the services of attorneys, investigators, or other persons to perform work and incur

expenses on behalf of any **Member** or the **Pool** is deemed appropriate to protect **Pool** interests prior to the formal existence of a **Claim**, the **Pool** has the right, but not the duty, to employ such persons as a **Pool** operational expense.

II. DEFINITIONS – PART VIII – AUTO LIABILITY

“Hired Autos” means only those “autos” a **Named Member** leases, hires, rents or borrows. This does not include any “auto” a **Named Member** leases, hires, rents or borrows from any of the **Named Member’s** employees or partners or members of their households.

“Member”, wherever used in this **Agreement**, includes not only the **Named Member** but also:

1. Under Part VIII, any person while using an **Automobile** owned by the **Named Member** or a hired **Automobile**, and any person or organization legally responsible for the use thereof, provided the actual use of the **Automobile** is by the **Named Member** or with the **Named Member’s** permission and any official of the **Named Member** with respect to the use of non-owned **Automobiles** in the business of the **Named Member**. This coverage, with respect to any person or organization other than the **Named Member**, *does not apply*:
 - a. to any person or organization or to any or their agents or employees operating an **Automobile** sales agency, repair shop, service station, storage garage or public parking place, with respect to any **Accident** arising out of those operations;
 - b. with respect to any **Hired Autos**, to the owner or lessee, other than the **Named Member**, nor to any agent or employee of that owner or lessee.

“Non-Owned Autos” means only those “autos” a **Named Member** does not own, lease, hire, rent or borrow that are used in connection with the **Named Member’s** business. This includes “autos” owned by a **Named Member’s** employees or members of their households but only while used in the **Named Member’s** business.

III. EXCLUSIONS THAT APPLY TO PART VIII – AUTO LIABILITY

In addition to the general exclusions of this **Agreement**, this **Agreement** does not cover:

- A. Any **Claim** for **Money Damages** or for any cause of action which is covered under any other section of this **Agreement**.
- B. Uninsured and/or Underinsured Motorists Liability
- C. Any **Claim** for **Money Damages** arising out of the use of a covered **Automobile** by any third party where such use is not related to the operations of the **Named Member’s** business or not authorized for such use by the **Named Member**.

Part IX – Law Enforcement Liability

CLAIMS MADE COVERAGE AGREEMENT: PAYMENT AND DEFENSE

In consideration of the **Named Member's** contribution to the **Pool** and in reliance upon representations made by the **Named Member** in the Application and any Renewal Application for this coverage, and subject to all provisions contained in this **Agreement**, including any endorsements hereto, the **Pool** agrees as follows:

A. **What The Pool Will Pay**

The **Pool** agrees, subject to the limitations, terms and conditions of this **Agreement**, to provide a defense and pay on behalf of the **Member** all **Money Damages** that the **Member** shall become legally obligated to pay by reason of any Law Enforcement Liability **Wrongful Act** arising out of an **Occurrence** due to the **Law Enforcement Activities** of a **Member** during the period of this **Agreement**.

PROVIDED ALWAYS that the following are true:

1. **Notice of Claim** occurs during the **Agreement** Period or during the Optional Extended Reporting Period, if applicable; and
2. The error, omission or negligent act for which **Claim** is first made happened on or after the retroactive date set forth in the in this **Agreement** and before the end of the **Agreement** period; and
3. The **Member** had no knowledge or reason to believe at the inception of the first **Agreement** Period or any extensions or renewals thereof that any error, omission or negligent act was likely to result in a **Claim** being made against any **Member**.

B. **Defense**

1. Subject to all of the provisions contained in this **Agreement**, the **Pool** has the right and duty to defend any **Claim** arising out of the categories of conduct enumerated above brought against the **Member**, alleging an error, omission or negligent act and seeking **Money Damages** on account thereof, even if a **Claim** is groundless, false or fraudulent. The **Pool** shall have the right to incur **Claims Expenses** and to make such investigation and settlement of any **Claim** or suit as may be deemed expedient by the **Pool** and the **Pool** may settle any **Claim** at its sole discretion and without the consent of the **Member**, although the **Pool** will endeavor to seek the input of the Member. The determination by the **Pool** as to any settlement and as to the reasonableness of settlements and **Claims Expenses** shall be conclusive on the **Member**. The **Pool** shall have the right, but not the obligation, to appeal any judgment adverse to the **Member**.

2. (a). Upon written request to the **Pool** by a **Named Member** for pre-**Claim** involvement of the **Pool** prior to the formal existence of a **Claim**, the **Pool** has the right, but not the duty, to designate attorneys, investigators, or other persons to perform work and incur expenses on behalf of the Named Member where the **Pool** anticipates a **Claim**.

(b) If, in the sole discretion of the **Pool**, employing the services of attorneys, investigators, or other persons to perform work and incur expenses on behalf of any **Member** or the **Pool** is deemed appropriate to protect **Pool** interests prior to the formal existence of a **Claim**, the **Pool** has the right, but not the duty, to employ such persons as a **Pool** operational expense.
3. The **Pool** shall have the right, but not the duty, to monitor and participate in the defense of any investigatory, administrative or disciplinary proceeding relating to any **Law Enforcement Activity** of the **Member**. Should the **Pool** elect to defend, monitor or participate under this provision, such election shall not constitute a waiver of any rights the **Pool** may have pursuant to any of the provisions of the **Coverage Agreement**.

Part X – Cyber Liability

Cyber liability coverage is set forth in the cyber liability policy provided by XL Group, policy number MTP 0039694 ~~11~~12.

Part XI – Equipment Breakdown

(Boiler and Machinery)

Equipment Breakdown coverage, also known as “boiler and machinery”, is set forth in the equipment breakdown policy provided by Travelers Property Casualty Company of America, policy number BME1 9H183690TIL-~~2425~~.

Part XII – Environmental Liability

(Pollution)

Environmental Liability coverage, also known as "pollution", is set forth in the environmental liability policy provided by Illinois Union Insurance Company, policy number PPL G4685049A ~~005006~~.

Part XIII – Storage Tank Liability

(Fuel Tank Pollution)

Storage tank liability coverage, also known as “fuel tank pollution”, is set forth in the storage tank liability policy provided by Illinois Union Insurance Company, policy number UST G71771945 ~~005006~~.

Law Enforcement Liability Program Endorsements

New Mexico County Insurance Authority
Law Enforcement Liability Program

Member Coverage Agreement

Endorsement No. LE - 1

Membership and Retroactive Dates

It is understood and agreed that the following Membership and Retroactive Dates shall apply in respect of the participating **members** as follows:

A. Law Enforcement Liability Program

March 21, 2001

Catron County
Chaves County
Cibola County
Colfax County
Curry County
Dona Ana County
Eddy County
Harding County
Lincoln County
McKinley County
McKinley County Juvenile Detention Center
Mora County
Otero County
Quay County
Roosevelt County
San Miguel County Sheriff's Department
Sandoval County
Santa Fe County
Sierra County
Socorro County
Taos County
Torrance County
Union County
Valencia County

September 1, 2003

Luna County

October 1, 2003

Bernalillo County Sheriff's Department ONLY
Bernalillo County Juvenile Detention Center

January 1, 2004

Guadalupe County
Santa Fe Juvenile Detention Center

January 19, 2004

Cibola County Detention Center

February 1, 2004

Grant County

July 1, 2004

San Miguel County Detention Center

December 1, 2004

De Baca County Dispatch/Communications Center
De Baca County Detention Center

January 1, 2005

Valencia County Detention Center

October 11, 2005

Santa Fe County Detention Center

January 1, 2006

McKinley County Detention Center

July 1, 2006

Bernalillo County Adult Detention Center
De Baca Sherriff's Department

July 1, 2008

Hidalgo County

Subject otherwise to all terms, clauses and conditions of this **Agreement**.

New Mexico County Insurance Authority
Law Enforcement Liability Program

Member Coverage Agreement

Endorsement No. LE - 2

THIS ENDORSEMENT INTENTIONALLY LEFT BLANK

New Mexico County Insurance Authority
Law Enforcement Liability Program

Member Coverage Agreement

Endorsement No. LE - 3

It is hereby agreed that the following deductibles apply:

BERNALILLO	\$100 250,000
CATRON	\$50,000
CHAVES	\$50,000
CIBOLA	\$50,000
COLFAX	\$50,000
CURRY	\$50,000
DE BACA	\$50,000
DONA ANA	\$50,000
EDDY	\$50,000
GRANT	\$50,000
GUADALUPE	\$50,000
HARDING	\$50,000
HIDALGO	\$50,000
LINCOLN	\$50,000
LUNA	\$50,000
MCKINLEY	\$50,000
MORA	\$50,000
OTERO	\$50,000
QUAY	\$50,000
ROOSEVELT	\$50,000
SAN MIGUEL	\$50,000
SANDOVAL	\$75,000
SANTA FE	\$250,000
SIERRA	\$50,000
SOCORRO	\$50,000
TAOS	\$50,000
TORRANCE	\$50,000
UNION	\$50,000
VALENCIA	\$50,000

New Mexico County Insurance Authority
Law Enforcement Liability Program

Member Coverage Agreement

Endorsement No. LE - 4

No coverage for whole or partial allegations of failure to provide adequate healthcare or mental healthcare to inmates or detainees – Counties with No Medical / Mental Health Detention Center Contracts

This coverage is based on the underwriting information at the time this coverage agreement was updated, and if it is found a contract was in place when a claim occurred, then it is possible coverage exists for that claim.

This **Agreement** does not provide coverage (including the obligation to defend a Member) for any claim with whole or partial allegations of failure to provide adequate healthcare or mental healthcare to inmates or detainees of the following **Named Members**:

1. Cibola
2. Guadalupe
3. Harding
4. Lincoln
5. Mora
6. Otero
7. Sierra
8. Tarrant
9. Union

Subject otherwise to all terms, clauses and conditions of this **Agreement**.

New Mexico County Insurance Authority
Law Enforcement Liability Program

Member Coverage Agreement

Endorsement No. LE - 5

No Coverage for Detention Center Operation

This **Agreement** does not provide coverage (including the obligation to defend a **Member**) for any claim related to the operation of the Detention Center of the following **Named Members** for the period beginning at the time specified:

Beginning January 1, 2019 at 12:01 a.m.

1. Cibola
2. Guadalupe
3. Harding
4. Lincoln
5. Mora
6. Otero
7. Torrance
8. Union

Subject otherwise to all terms, clauses and conditions of this **Agreement**.

New Mexico County Insurance Authority
Law Enforcement Liability Program

Member Coverage Agreement

AMENDED Endorsement No. LE - 6

Limited per-occurrence coverage for whole or partial allegations of failure to provide adequate healthcare or mental healthcare to inmates or detainees.

This coverage is based on the underwriting information at the time this coverage agreement was updated, and if it is found that no contract was in place at the time of a claim, then the member will not have the coverage available under endorsement 6.

This **Agreement** provides only a \$2,000,000 sublimit per occurrence coverage (including defense costs), for any claim with whole or partial allegations of failure to provide adequate healthcare or mental healthcare to inmates or detainees of the following **Named Members:**

1. Catron
2. Chaves ~~(effective September 19, 2024)~~
3. Colfax
4. De Baca
5. Eddy
6. Grant
7. Hidalgo
8. Luna
9. McKinley
10. Quay
11. San Miguel
12. Socorro
13. Taos

Subject otherwise to all terms, clauses and conditions of this **Agreement**.

Multi-Line Program Endorsements

New Mexico County Insurance Authority
Multi Line Program

Member Coverage Agreement

Endorsement No. 1

Named Members and Retroactive Dates

It is understood and agreed that the following **Named Members** comprise the Multi-Line Program and have a Retroactive Date of March 21, 2001:

Bernalillo County
Catron County
Chaves County
Cibola County
Colfax County
Curry County
De Baca County
Dona Ana County
Eddy County
Harding County
Lincoln County
McKinley County
Mora County
Otero County
Quay County
Roosevelt County
San Miguel County
Sandoval County
Santa Fe County
Sierra County
Socorro County
Taos County
Torrance County
Union County
Valencia County

The following **Named Members** have the following retroactive dates:

September 1, 2003
Luna County

January 1, 2004

Guadalupe

January 1, 2005

Grant County

July 1, 2008

Hidalgo County

Subject otherwise to all terms, clauses and conditions of this **Agreement**.

New Mexico County Insurance Authority
Multi Line Program

Member Coverage Agreement

Endorsement No. 2

Coverage for Injunctive Relief

It is hereby understood and agreed that coverage is provided for injunctive relief claims to a limit of \$10,000 for the county's costs and attorneys' fees.

Subject otherwise to all terms, clauses and conditions of this policy.

New Mexico County Insurance Authority
Multi Line Program

Member Coverage Agreement

Endorsement No. 3

Limited Coverage for Land Use Matters

It is hereby agreed and understood this **Agreement** does not provide coverage for any liability arising out of the principles of eminent domain, condemnation proceedings or claims, inverse condemnation or claims, and regulatory taking by whatever name called, land use actions, zoning, rezoning or failure to zone, whether that liability accrues directly against the **Member** or by virtue of any agreement entered into, by or on behalf of the **Member**. Claims alleging civil rights violations arising out of any of the listed proceedings are also excluded.

However a defense will be provided, up to a maximum set forth below per **Named Member** for claims in inverse condemnation, land use actions, zoning, rezoning or failure to zone. The sub-limited amount applies to defense costs of the County only and cannot be applied to pay a settlement, plaintiff's costs or legal fees.

The following counties have this coverage in the amounts set forth below:

Bernalillo*	\$40,000/\$100,000
Catron*	\$20,000/\$20,000
Chaves	\$20,000/\$20,000
Cibola	\$20,000/\$20,000
Colfax*	\$20,000/ \$60 20,000
Dona Ana*	\$40,000/\$100,000
Grant	\$20,000/\$20,000
Lincoln*	\$20,000/\$20,000
Luna*	\$40,000/\$100,000
McKinley	\$20,000/\$20,000
<u>Mora</u>	<u>\$40,000/\$100,000</u>
Otero*	\$40,000/\$100,000
Roosevelt*	\$20,000/\$20,000
San Miguel*	\$20 40,000/ \$40 100,000
Sandoval	\$20,000/\$60,000
Santa Fe*	\$40,000/\$100,000
Socorro*	\$20 40,000/ \$20 100,000
Taos	\$40 20,000/ \$100 20,000
Torrance*	\$20,000/\$60,000
Valencia*	\$20,000/\$20,000

*In addition, these members have coverage in accordance with Endorsement #9.

Subject otherwise to all terms, clauses and conditions of this **Agreement**.

New Mexico County Insurance Authority
Multi Line Program

Member Coverage Agreement

Endorsement No. 4

THIS ENDORSEMENT INTENTIONALLY LEFT BLANK

Member Coverage Agreement

Endorsement No. 5

**EXCLUSION OF LOSS TO AND LOSS OF USE OF DATA,
COMPUTER HARDWARE AND SYSTEMS**

Random Attack – Hacking Event or Computer Virus

We will not pay for direct physical loss or damage caused by a random attack, a hacking event or computer virus. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Random Attack means the widespread attack, by a hacking event or computer virus, directed against the computer systems, software, data, or telecommunications systems of multiple organizations or persons who are not part of you, rather than solely at your computer systems, software, data, or telecommunications systems. Such attack is intended for the purpose of fraud, nuisance, or malicious tampering or destruction.

Hacking Event means an attack that allows unauthorized access or use of a computer or telecommunications system by electronically circumventing a security or procedure.

Computer Virus means a piece of code that is maliciously or fraudulently introduced into a computer or telecommunications system. Once introduced, the virus may destroy, alter, contaminate, or degrade the integrity, quality, or performance of data or any computer application software, computer network, or computer operating system and related software.

This exclusion does not apply to any specific attack to your computer equipment otherwise covered in Part V, Property.

Specific Attack means the intentional attack, by a hacking event or computer virus, directed solely at your computer system, software, data or telecommunications system. Such attack is intended for the purpose of fraud, nuisance, or malicious tampering or destruction.

Denial of Services

We do not cover any loss of earnings or extra expense caused by or resulting from denial of services.

Denial of Services means an intentional specific or random attack on your computer system or telecommunications system for the purposes of nuisance, sabotage, malicious tampering which has the effect of:

1. Depleting system resources available through the Internet to authorized external users of your computer system or telecommunications systems; or
2. Impeding Internet access of authorized external users to your computer system or telecommunications system.

Subject otherwise to all terms, clauses and conditions of this **Agreement**.

New Mexico County Insurance Authority
Multi Line Program

Member Coverage Agreement

Endorsement No. 6

It is hereby agreed that the following Liability and 3rd Party Automobile Liability deductibles apply:

BERNALILLO	\$100,000
CATRON	\$5,000
CHAVES	\$10,000
CIBOLA	\$5,000
COLFAX	\$5,000
CURRY	\$5,000
DE BACA	\$5,000
DONA ANA	\$10,000
EDDY	\$5,000
GRANT	\$5,000
GUADALUPE	\$5,000
HARDING	\$10,000
HIDALGO	\$5,000
LINCOLN	\$5,000
LUNA	\$10,000
MCKINLEY	\$25,000
MORA	\$5,000
OTERO	\$5,000
QUAY	\$5,000
ROOSEVELT	\$10,000
SAN MIGUEL	\$5,000
SANDOVAL	\$50,000
SANTA FE	\$100,000
SIERRA	\$5,000
SOCORRO	\$5,000
TAOS	\$5,000
TORRANCE	\$5,000
UNION	\$5,000
VALENCIA	\$5,000

Subject otherwise to all terms, clauses and conditions of this **Agreement**.

New Mexico County Insurance Authority
Multi Line Program

Member Coverage Agreement

Endorsement No. 7

It is hereby agreed that the following First Party Automobile and Property Deductibles apply:

	First Party Automobile	Property
BERNALILLO	\$25,000	\$25100,000
CATRON	\$5,000	\$5,000
CHAVES	\$5,000	\$5,000
CIBOLA	\$5,000	\$5,000
COLFAX	\$5,000	\$5,000
CURRY	\$5,000	\$5,000
DE BACA	\$5,000	\$5,000
DONA ANA	\$10,000	\$50,000
EDDY	\$5,000	\$5,000
GRANT	\$5,000	\$5,000
GUADALUPE	\$5,000	\$5,000
HARDING	\$5,000	\$5,000
HIDALGO	\$5,000	\$5,000
LINCOLN	\$5,000	\$5,000
LUNA	\$5,000	\$5,000
MCKINLEY	\$5,000	\$5,000
MORA	\$5,000	\$5,000
OTERO	\$5,000	\$5,000
QUAY	\$5,000	\$5,000
ROOSEVELT	\$5,000	\$5,000
SAN MIGUEL	\$5,000	\$5,000
SANDOVAL	\$10,000	\$50,000
SANTA FE	\$50,000	\$50100,000
SIERRA	\$5,000	\$5,000
SOCORRO	\$5,000	\$5,000
TAOS	\$5,000	\$5,000
TORRANCE	\$5,000	\$5,000
UNION	\$5,000	\$5,000
VALENCIA	\$5,000	\$5,000

Subject otherwise to all terms, clauses and conditions of this **Agreement**.

New Mexico County Insurance Authority
Multi Line & Law Enforcement Programs

Member Coverage Agreement

Endorsement No. 8

This endorsement modifies insurance coverage provided under the **Agreement**:

SEXUAL ABUSE ENDORSEMENT

To the extent insurance coverage is provided by this endorsement, paragraph 27. of Part III – General Coverage Exclusions does not apply.

SCHEDULE

Sexual Abuse Retroactive Date: April 18, 2008

IMPORTANT NOTICE

THIS **SEXUAL ABUSE** LIABILITY ENDORSEMENT PROVIDES COVERAGE ON A **CLAIMS-MADE** BASIS. THE COVERAGE PROVIDED BY THIS ENDORSEMENT IS LIMITED TO ONLY AN **OCCURRENCE** OF **SEXUAL ABUSE** TAKING PLACE ON OR AFTER THE **SEXUAL ABUSE** RETROACTIVE DATE STATED IN THE SCHEDULE AND THEN ONLY FOR THOSE CLAIMS FOR WHICH A **NOTICE OF CLAIM** OCCURS DURING THE AGREEMENT PERIOD OR DURING THE OPTIONAL EXTENDED REPORTING PERIOD, IF APPLICABLE.

THIS ENDORSEMENT IS SUBJECT TO THE TERMS, EXCLUSIONS, DEFINITIONS AND CONDITIONS OF THE **AGREEMENT**, EXCEPT AS OTHERWISE MODIFIED BY THIS ENDORSEMENT. PLEASE REVIEW THE ENDORSEMENT CAREFULLY. ALL WORDS OR PHRASES THAT ARE PRINTED IN BOLD FACE ARE DEFINED IN THE ENDORSEMENT OR ELSEWHERE IN THE **AGREEMENT**.

PART VII – LIABILITY IS AMENDED TO INCLUDE THE FOLLOWING:

I. COVERAGE AGREEMENT – SEXUAL ABUSE

- A. In consideration of the **Named Member's** contribution, the **Pool** will pay all sums that the **Named Member** or a **Named Member's** Manager becomes legally obligated to pay as **Money Damages** because of a settlement or a court judgment findings the **Named Member** or a **Named Member's** Manager vicariously liable, due to the actions of another **Member(s)**, for **Bodily Injury** arising out of, resulting from, caused or contributed to or by, or in connection with, an **Occurrence** of **Sexual Abuse**, or a series of related **Occurrences** of **Sexual Abuse**.

The **Pool's** payment obligation will not exceed the Per **Occurrence** Limit of Coverage shown in **Part I**, section **B. Limits** that is applicable to **Section A – General Coverage Declarations** subject to the Pool Aggregate Limit of Coverage

shown in **Part I**, section **B. Limits** that is applicable to **Part VII, Section A, General Liability; Part VII, Section B, Employment Practices Liability; and Part IX, Law Enforcement Liability**.

All **Claims Expenses** incurred by the **Pool** in investigating or settling any **Claim**, or in defending any suit, against a **Named Member** or a **Named Member's** Manager that is covered by this endorsement's insurance serve to erode, individually or together with any **Money Damages** paid by the **Pool**, the Per **Occurrence** Limit of Coverage shown in **Part I**, section **B. Limits** that is applicable to **Part VII, Section A, General Liability; Part VII, Section B, Employment Practices Liability; and Part IX, Law Enforcement Liability**.

- B. This endorsement's insurance coverage applies to **Bodily Injury** arising out of, resulting from, caused or contributed to or by, or in connection with, an **Occurrence** of **Sexual Abuse** only if:
1. Such **Bodily Injury Occurrence** of **Sexual Abuse** takes place in the coverage territory stated in paragraph C. Territorial Scope of Part II – General Conditions;
 2. Such **Bodily Injury Occurrence** of **Sexual Abuse** takes place on or after the **Sexual Abuse** Retroactive Date shown in the Schedule and before the end of the **Agreement** Period; and
 3. **Notice of Claim** resulting from an **Occurrence** of **Sexual Abuse** occurs during the **Agreement** Period or during the Optional Extended Reporting Period, if applicable.
- C. No other obligation or liability to pay any sum or perform any act or service under this endorsement is covered unless explicitly provided for in this endorsement or elsewhere in the **Agreement**.
- D. Any continuation, change or resumption of an **Occurrence** of **Sexual Abuse** on or after the effective date of this endorsement will be deemed to have been known prior to the effective date of this endorsement. In such case, the limit of liability is sub-limited to \$2,000,000.
- E. All **Bodily Injury** arising out of, resulting from, caused or contributed to or by, or in connection with, any **Occurrence** of **Sexual Abuse** shall be deemed to be a single **Claim**:
1. Whether committed by the same person or two or more persons acting in concert with each other and all breaches of duty giving rise to such acts, and without regard to the number of:
 - a. Persons sexually abused or incidents of **Sexual Abuse**;
 - b. Locations where **Sexual Abuse** took place;
 - c. **Agreement** periods covered by the Pool over which the **Sexual Abuse** took place;

- d. **Occurrences of Sexual Abuse** taking place after the first **Occurrence of Sexual Abuse** covered by the **Pool**; provided such subsequent **Occurrences of Sexual Abuse** take place during the **Agreement** Period where such **Sexual Abuse** coverage is provided by the **Pool**.
 2. With respect to all **Money Damages** and/or **Claims Expenses** related to such **Bodily Injury**, including any subsequent related **Bodily Injury**.
- F. For each single **Claim**, only a single Per **Occurrence** Limit of Coverage that is applicable to **Part VII, Section A, General Liability; Part VII, Section B, Employment Practices Liability; and Part IX, Law Enforcement Liability** will apply. The **Agreement** Period in which the first **Occurrence of Sexual Abuse** insured by the **Pool** takes place will determine the applicable Per **Occurrence** Limit of Coverage.

II. EXCLUSIONS

The following exclusions apply to this endorsement and are in addition to those exclusions stated in Part III – General Coverage Exclusions and **Part VII, Section A, General Liability, Sub-Section II, Exclusions; and Part VII, Section B, Employment Practices Liability, Sub-Section II, Exclusions**. Exclusions Applicable To Part VII, Section A, General Liability; **Part VII, Section B, Employment Practices Liability, and Part IX Law Enforcement Liability**

This endorsement does not provide coverage:

- A. To any **Member** or other person(s) who:
1. Committed, participated in, directed or was aware of and allowed an **Occurrence of Sexual Abuse**.

However, in civil proceedings only, the **Pool** will provide a defense and pay associated **Claims Expenses** of a **Member** who is, or **Members** who are, alleged in a **Claim** or suit to have committed or participated in an **Occurrence of Sexual Abuse**. The **Pool's** payment obligation will not exceed limits of \$50,000 per **Occurrence** (includes one or more **Members**) and \$100,000 annual aggregate per **Named Member** (hereinafter referred to as "Defense **Claims Expenses – Allegation of Sexual Abuse Limits**"). The **Pool's** defense ends for an accused **Member** when:

- a. The **Member** is found by a court of law to be innocent or guilty or not guilty of the charges;
- b. The **Member** pleads 'nolo contendere' to the charges;
- c. The **Member** is found to be civilly liable or reaches a civil settlement; or
- d. The Defense **Claims Expenses – Allegation of Sexual Abuse Limits** are exhausted, whichever occurs first.

2. Failed to follow established written **Named Member** policy in taking action to prevent an initial **Occurrence** of **Sexual Abuse** or to prevent a recurrence of any **Occurrence** of **Sexual Abuse**.
- B. For punitive or exemplary damages, treble damages, any sum awarded in excess of compensatory damages, any multiple of compensatory damages, or that part of any award not attributable to compensatory damages.
 - C. To any **Member** for liability arising out of, resulting from, caused or contributed to or by, or in connection with, an **Occurrence** of **Sexual Abuse**, or a series of related **Occurrences** of **Sexual Abuse**, because of **Law Enforcement Activities** or **Strip Searches**, or arising out of the ownership, maintenance or use of any **Automobile**.
 - D. For any **Claim** made by any **Member** against any other **Member**. This exclusion does not apply to **Claims** brought by a **Member** against a **Named Member** or a **Named Member's** Manager (so long as the **Named Member's** Manager is not the alleged perpetrator).
 - E. For an **Occurrence** of **Sexual Abuse** which, prior to the inception date of this endorsement, the **Named Member** or its authorized person or any other **Member** had knowledge of or otherwise had knowledge of facts and circumstances which could reasonably give rise to anticipate a **Claim** or suit might result.

III. LIMITS OF COVERAGE

- A. With respect to insurance coverage provided by this endorsement, the Per **Occurrence** Limit of Coverage shown in **Part I, section B. Limits** that is applicable to **Part VII, Section A, General Liability; Part VII, Section B, Employment Practices Liability; and Part IX, Law Enforcement Liability** is the most the **Pool** will pay for the sum of **Money Damages** and/or **Claims Expenses** because of **Bodily Injury** arising out of, resulting from, caused or contributed to or by, or in connection with, any single covered **Occurrence** of **Sexual Abuse**.
- B. Subject to paragraph A. above, the Pool Aggregate Limit of Coverage shown in **Part I, section B. Limits** that is applicable to **Part VII, Section A, General Liability; Part VII, Section B, Employment Practices Liability; and Part IX, Law Enforcement Liability** is the most the **Pool** will pay for the sum of all **Money Damages** and **Claims Expenses** during the **Agreement** Period because of **Bodily Injury** arising out of, resulting from, caused or contributed to or by, or in connection with, all covered **Occurrences** of **Sexual Abuse**.
- C. The Defense **Claims Expenses** – Allegation of **Sexual Abuse** Limits stated in subparagraph A of section **II. EXCLUSIONS** of this endorsement are separate from and in addition to the Per **Occurrence** Limit of Coverage shown in **Part I, section B. Limits** that is applicable to **Part VII, Section A, General Liability; Part VII, Section B, Employment Practices Liability; and Part IX, Law Enforcement Liability** and the Pool Aggregate Limit of Coverage shown in **Part I, section B. Limits** that is applicable to **Part VII, Section A, General Liability; Part VII, Section B, Employment Practices Liability; and Part IX, Law Enforcement Liability**.

IV. EXTENDED REPORTING PERIOD(S)

With respect to the insurance coverage provided by this endorsement, any optional extended reporting period made available by the **Pool** will coincide with that stated in paragraph N. of Part II – Coverage Conditions.

V. DEFINITIONS

The following definition applies to this endorsement only and is in addition to those definitions stated in Part IV – General Definitions or as may be amended by endorsement to the **Agreement**:

- A. **Named Member's Manager** means a person who is employed by a **Named Member** in a management capacity to provide executive, administrative and supervisory direction. **Named Member** also includes **Named Member's** elected or appointed officials.

New Mexico County Insurance Authority
Multi Line Program

Member Coverage Agreement

Endorsement No. 9

Expanded Land Use Coverage for Civil Rights Violations for Member Counties

It is hereby understood and agreed that expanded land use coverage described in Endorsement No. 3 is offered to **Member Counties** for land use claims for an additional charge. For all other **Members** of the Pool, purchase of Land Use coverage as described in Endorsement 3 is mandatory for a period of not less than two (2) years in order to participate in coverage provided by this Endorsement 9. Coverage afforded is as follows:

- A. Claims for **civil rights violations** arising out of the operation of the principles of eminent domain, condemnation proceedings or claims, inverse condemnation proceedings or claims, regulatory taking by whatever name called, land use actions, zoning, rezoning or failure to zone, whether that liability accrues directly against the **Member** or by virtue of any agreement entered into by or on behalf of the **Member**;
- B. Coverage applies to a limit of \$1,000,000 per occurrence with a 10% co-insurance and \$25,000 deductible payable by the **Member** for each occurrence;

Subject otherwise to all terms, clauses and conditions of this **Agreement**.

Member counties that have selected this coverage:

- 1. Bernalillo
- ~~2.~~ 3. Catron
- ~~2,3.~~ Colfax
- ~~3,4.~~ Dona Ana
- ~~5.~~ Lincoln
- ~~4,6.~~ Luna
- ~~5,7.~~ Otero
- ~~6,8.~~ Roosevelt
- ~~7,9.~~ San Miguel
- ~~8,10.~~ Santa Fe
- ~~11.~~ Socorro
- ~~9,12.~~ Taos
- ~~10,13.~~ Valencia

New Mexico Counties
Multi Line Program

Member Coverage Agreement

Endorsement No. 10

Additional Insured Liability Coverage for Certain Members

It is hereby understood and agreed that additional insured liability coverage is provided for certain **Members** as outlined below. Subject otherwise to all terms, clauses and conditions of this policy.

1. New Mexico State Land Office through Member Santa Fe County effective June 12, 2020 specific to business lease agreement BL-1660 executed June 12, 2020 with the Commissioner of Public Lands State of New Mexico for property located at the address listed below for the sole and exclusive purpose of Behavioral Health Facility. No other uses.

Township	Range	Section	Aliquot	Acreage	County
10N	07 E	16	NE/4 NE/4	2.96	Santa Fe

New Mexico Counties
Law Enforcement & Multi-Line Liability Program

Member Coverage Agreement

Endorsement A

Communicable Disease Endorsement

Limited per-occurrence indemnification coverage for **Communicable Disease** claims

It is hereby understood and agreed that defense coverage is provided for any liability claim alleging exposure, bodily injury, or property damage, directly or indirectly based upon, in whole or in part, arising out of any allegation related to any **Communicable Disease**. This defense coverage is provided on a 90% Pool / 10% Member split of defense costs between Pool and Named Member basis. No deductible applies to the Member's share of the split costs.

It is further understood and agreed that indemnification coverage is provided for any liability claim alleging exposure, bodily injury, or property damage, directly or indirectly based upon, in whole or in part, arising out of any allegation related to any **Communicable Disease**, up to a per-occurrence sublimit of \$50,000.

It is further understood and agreed that the annual member aggregate for the defense coverage and indemnification portions of any such liability claims as outlined above is \$1,000,000.

It is further understood and agreed that the annual pool aggregate for the defense coverage and indemnification portions of any such liability claims as outlined above is \$3,000,000.

Subject otherwise to all terms, clauses and conditions of this **Agreement**.

This endorsement is retroactive to January 1, 2020.

New Mexico Counties
Law Enforcement & Multi-Line Liability Program

Member Coverage Agreement

**Endorsement B
Medical Malpractice**

It is hereby understood and agreed that the **Members** listed below have identified **Employees** who are medical professionals and have paid an additional contribution to the **Pool** towards any claim alleging negligence on the part of such employees while in the course and scope of their employment.

Member

- 1. Bernalillo County
- ~~1~~2. Colfax County
- 3. De Baca County
- ~~2~~4. Eddy County
- ~~3~~5. Santa Fe County

Subject otherwise to all terms, clauses and conditions of this **Agreement**.

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> <p style="text-align: center;">6.B.</p>	<u>Item Title:</u> Approve 2025 Property Coverage Agreement
<u>Presenter (s):</u> Grace Philips, Risk Management Director	
<p>Motion by: _____</p> <p>Seconded by: _____</p>	



**New Mexico County Insurance Authority
(NMCIA)**

PROPERTY COVERAGE AGREEMENT

**Effective: January 1, ~~2024~~2025 - January 1,
2025~~2026~~**

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DECLARATIONS - SECTION A

1. NAMED INSURED AND MAILING ADDRESS

2. COMPANY

The terms Company or Company's shall mean _____, New Mexico County Insurance Authority.

3. POLICY PERIOD

FROM: ~~XX/XX/XXXX~~01/01/2025 at 12:01 A.M. at the address of the INSURED PROPERTY involved in the loss

TO: ~~XX/XX/XXXX~~01/01/2026 at 12:01 A.M. at the address of the INSURED PROPERTY involved in the loss

TERM: 1 year

4. TERRITORY

This Policy covers INSURED PROPERTY in The United States of America and Canada.

5. INSURANCE PROVIDED

The coverage under this Policy applies to property described on the Schedule of Values or covered under the terms and conditions of the AUTOMATIC COVERAGE (NEWLY ACQUIRED), ERRORS AND OMISSIONS, or MISCELLANEOUS UNNAMED PROPERTY provisions, unless otherwise provided.

6. LIMITS OF LIABILITY

The Company's maximum Limit of Liability in a single **Occurrence** regardless of the number of INSURED PROPERTY or coverages involved will not exceed the total value reported to us in the Schedule of Values.

In the event of loss hereunder, the LIMITS OF LIABILITY shall be limited to the least of the following:

1. The actual adjusted amount of loss, less applicable deductible(s); or
2. 125% of the real and personal property values combined, inclusive of property in the open, for each reported Location. Location shall mean each individual line item reported on the latest statement of values on file with the Company. However, this limitation shall not apply to coverages provided within this Policy as respects to Property and Time Element coverage extensions where values for such are not reportable including, but not limited to, Demolition and Increased Cost of Construction, Debris Removal, Accounts Receivable, Valuable Papers and Records, Decontamination Expense and Extra Expense, et al., and as further described within this Policy.
3. The Limit of Liability shown on the Declarations page of this Agreement/Policy or endorsed onto this Agreement/Policy after inception.

The terms and conditions in this document, including the sublimits below, constitute the program as a whole for the ~~Insured~~ **NAMED INSURED**. The sublimits stated below are a part of, and do not increase, any LIMITS OF LIABILITY of the program.

The following Sublimits apply on a per **Occurrence** basis, unless otherwise stated.

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Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.

If insured under this policy, any sublimit for **Earthquake, Flood or Named Storm** is the maximum amount potentially recoverable for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. All other Sublimits are a part of, and do not increase the **Earthquake, Flood or Named Storm** Sublimit.

Further, if **Flood** occurs in conjunction with a **Named Storm** or **Earthquake**, the **Flood** sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

When a Sublimit is shown as applying as an annual aggregate, the Company's maximum limit of liability will not exceed such limit during any POLICY PERIOD regardless of the number of INSURED PROPERTY and coverages involved.

Sublimits:

\$2,500,000	ACCOUNTS RECEIVABLE	
\$1,000,000	ANIMALS	
\$5,000,000	AUTOMATIC COVERAGE (NEWLY ACQUIRED)	
\$10,000,000	BUSINESS INCOME AND EXTRA EXPENSE COMBINED	
\$500,000	CLAIM PREPARATION FEES AND EXPENSES	
\$250,000	CONTINGENT BUSINESS INCOME AND CONTINGENT EXTRA EXPENSE COMBINED	
\$100,000	CONTINGENT TAX REVENUE INTERRUPTION	
\$2,500,000	DEBRIS REMOVAL (GREATER OF 25% OF PROPERTY DAMAGE LOSS OR THE LIMIT SHOWN)	
\$500,000	DECONTAMINATION COSTS	
\$100,000	DEFERRED PAYMENTS	
\$10,000,000	EARTHQUAKE – SUBJECT TO A \$10,000,000 ANNUAL AGGREGATE	
\$2,500,000	ELECTRONIC DATA AND MEDIA	
\$50,000,000	EQUIPMENT BREAKDOWN, INCLUDING	
	SPOILAGE	\$500,000
	SERVICE INTERRUPTION	\$2,500,000
	BUSINESS INCOME AND EXTRA EXPENSE	\$1,000,000
	EXPEDITING EXPENSE	\$500,000

	HAZARDOUS SUBSTANCE	\$1,000,000
	AMMONIA CONTAMINATION	\$500,000
	ELECTRONIC DATA AND MEDIA	\$1,000,000
	CFC REFRIGERANTS	\$100,000
	COMPUTER EQUIPMENT	\$50,000,000
\$2,500,000	ERRORS AND OMISSIONS	
\$250,000	EVACUATION EXPENSE	
\$1,000,000	EXPEDITING EXPENSE	
\$1,000,000	EXTENDED PERIOD OF INDEMNITY (LESSER OF ACTUAL LOSS SUSTAINED FOR 180 CONSECUTIVE DAYS OR LIMIT SHOWN)	
\$10,000,000	FLOOD - SUBJECT TO A \$10,000,000 ANNUAL AGGREGATE	
\$1,000,000	FLOOD – SUBJECT TO A \$1,000,000 ANNUAL AGGREGATE AS RESPECTS INSURED PROPERTY SITUATED WHOLLY OR PARTIALLY WITHIN SPECIAL FLOOD HAZARD AREAS	
\$2,500,000	INCREASED COST OF CONSTRUCTION	
\$2,500,000	INGRESS/EGRESS	
\$250,000	INSECT, ANIMAL, AND VERMIN DAMAGE TO MOBILE EQUIPMENT AND VEHICLES	
\$2,500,000	INTERRUPTION BY CIVIL AUTHORITY	
\$100,000	LAND AND WATER CONTAMINANT OR POLLUTANT CLEANUP, REMOVAL & DISPOSAL, SUBJECT TO A \$500,000 ANNUAL AGGREGATE	
\$100,000	LANDSCAPING, SUBJECT TO \$15,000 ANY ONE SHRUB OR TREE, CAUSED BY OR RESULTING FROM A DEFINED PERIL	
\$2,500,000	LEASEHOLD INTEREST	
\$2,500,000	MISCELLANEOUS UNNAMED PROPERTY	
\$1,000,000	MOLD RESULTING FROM A DEFINED PERIL	
\$50,000,000	NAMED STORM	
\$10,000	PERSONAL PROPERTY OF OFFICERS AND EMPLOYEES OF THE <u>NAMED INSURED WHILE ACTING WITHIN THE SCOPE OF DUTIES ON BEHALF OF THE NAMED INSURED</u>	
\$10,000	PERSONAL PROPERTY OF <u>DEPUTIES LAW ENFORCEMENT AND VOLUNTEER FIRE DEPARTMENT EMPLOYEES, INCLUDING VOLUNTEER LAW ENFORCEMENT AND VOLUNTEER FIRE DEPARTMENT PERSONNEL OF THE INSURED WHILE ACTING</u>	

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WITHIN THE SCOPE OF DUTIES ON BEHALF OF THE NAMED INSURED

\$2,500,000	PROPERTY IN THE COURSE OF CONSTRUCTION AND SOFT COSTS – ANY ONE INSURED PROPERTY
\$2,500,000	SERVICE INTERRUPTION - PROPERTY DAMAGE AND TIME ELEMENT COMBINED
\$2,500,000	TRANSIT - PROPERTY DAMAGE AND TIME ELEMENT COMBINED – PER CONVEYANCE
\$2,500,000	UNSCHEDULED FINE ARTS – SUBJECT TO A MAXIMUM OF \$250,000 PER ITEM
\$250,000	UNSCHEDULED TUNNELS, BRIDGES, AIRPORT RUNWAYS, AND DAMS (EXCLUDING COVERAGE FOR THE PERILS OF EARTH MOVEMENT, FLOOD, AND NAMED STORM)
\$100,000	UNSCHEDULED UNMANNED AIRCRAFT SYSTEMS , INCLUDING ATTACHED EQUIPMENT
\$500,000	UNSCHEDULED WATERCRAFT
\$250,000	UNSCHEDULED WHARVES, PIERS, DOCKS, PILINGS, AND BULKHEADS
\$100,000	UPGRADE TO GREEN
\$2,500,000	VALUABLE PAPERS AND RECORDS

Time Limits

In addition to the time limits shown elsewhere in this Policy, the following apply:

30 Day Period:	INTERRUPTION BY CIVIL AUTHORITY
30 Day Period:	INGRESS/EGRESS
180 Day Period:	EXTENDED PERIOD OF INDEMNITY

7. PREMIUM

This Policy is issued in consideration of an annual premium of _____.

8. WAITING PERIOD

For the purposes of applying SERVICE INTERRUPTION, CIVIL AUTHORITY AND INGRESS/EGRESS Coverage, the **Waiting Period** is twenty-four (24) hours.

9. DEDUCTIBLES

In each case of loss covered by this Policy, the Company will be liable only if the ~~Insured-NAMED~~ INSURED sustains a loss in a single **Occurrence** greater than the underlying limit or the applicable deductible specified below, and only for its share of that greater amount.

A. Named Storm

Property consisting of **Vehicles and Mobile Equipment** shall not be subject to ~~a minimum~~the deductible for **Named Storm in Tier One Counties**.

For INSURED PROPERTY wholly or partially situated in **Tier One Counties**, the deductible shall be 3% of the value, per the VALUATION clause of the LOSS ADJUSTMENT AND SETTLEMENT section of the Policy, of the INSURED PROPERTY as of the date of the loss at the INSURED PROPERTY where physical damage occurred and for which the ~~insured-NAMED~~ INSURED is making a claim for loss. If the claim as respects Losses from a **Named Storm** involves loss or damage at more than one INSURED PROPERTY, the deductible amount shall be calculated separately for each INSURED PROPERTY suffering loss or damage and applied separately to the adjusted loss at each INSURED PROPERTY, but in no event shall the total deductible to be applied to a single Occurrence with respect to such losses be less than the minimum amount of \$ _____, for all such loss or damage at all INSURED PROPERTY, and coverages, combined.

As respects **Named Storm** losses in all other counties, a \$ _____ deductible per **Occurrence** for all INSURED PROPERTY and coverages, combined, shall apply.

As respects buildings or structures wholly or partially situated in a **Special Flood Hazard Area** the following deductibles shall apply separately for loss from the perils of **Flood** or **Storm Surge** resulting from a **Named Storm**:

- (1) for all coverages insured against under this policy, if the ~~Insured-NAMED~~ INSURED purchases coverage from the National Flood Insurance Program, the deductible shall be the greater of the amount recoverable from the National Flood Insurance Program or the **Actual Cash Value**, not to exceed \$500,000. This deductible shall apply for each building or each structure for real property, and for contents at each building or each structure.
- (2) for all coverages insured against under this policy, if the ~~Insured-NAMED~~ INSURED does not purchase coverage from the National Flood Insurance Program, or the property is not eligible for coverage from the National Flood Insurance Program, or in the event the National Flood Insurance Program lapses or is discontinued, the deductible shall be \$ 500,000 at each building or each structure for real property, \$ 500,000 for contents at each building or each structure, and \$500,000 each for any other INSURED PROPERTY.
- (3) If the community is participating in the Emergency Program under the National Flood Insurance Program, \$500,000 as noted within this Section A. (1) is replaced with \$100,000. If the property is eligible for coverage in the Emergency Program, \$500,000 as noted within Section A. (2) is replaced with \$100,000.

However, these deductibles shall not apply to INSURED PROPERTY located outside of an area designated as a **Special Flood Hazard Area** nor to ensuing physical loss, or damage or destruction not otherwise excluded herein. Further, the deductibles described under paragraphs (1), (2), and (3) above shall apply individually and supersede the "two or more deductible provision" under the Deductible Conditions of the policy.

B. Flood

Property consisting of **Vehicles** and **Mobile Equipment** shall not be subject to the **Special Flood Hazard Area** deductible detailed below.

As respects buildings or structures wholly or partially situated in a **Special Flood Hazard Area** the following deductibles shall apply separately for loss from the peril of **Flood**, as covered and defined under the National Flood Insurance Program:

- (1) for all coverages insured against under this policy, if the insured-NAMED INSURED purchases coverage from the National Flood Insurance Program, the deductible shall be the greater of the amount recoverable from the National Flood Insurance Program or the **Actual Cash Value**, not to exceed \$500,000. This deductible shall apply for each building or each structure for real property, and for contents at each building or each structure.
- (2) for all coverages insured against under this policy, if the insured-NAMED INSURED does not purchase coverage from the National Flood Insurance Program, or the property is not eligible for coverage from the National Flood Insurance Program, or in the event the National Flood Insurance Program lapses or is discontinued, the deductible shall be \$ 500,000 at each building or each structure for real property, \$ 500,000 for contents at each building or each structure, and \$500,000 each for any other INSURED PROPERTY.
- (3) If the community is participating in the Emergency Program under the National Flood Insurance Program, \$500,000 as noted within this Section B. (1) is replaced with \$100,000. If the property is eligible for coverage in the Emergency Program, \$500,000 as noted within Section B. (2) is replaced with \$100,000.

However, these deductibles shall not apply to INSURED PROPERTY located outside of an area designated as a **Special Flood Hazard Area** nor to ensuing physical loss, or damage or destruction not otherwise excluded herein. Further, the deductibles described under paragraphs (1), (2), and (3) above shall apply individually and supersede the "two or more deductible provision" under the Deductible Conditions of the policy.

For all other **Flood** losses, the deductible shall be \$ _____.

C. Earthquake in New Madrid Counties

For INSURED PROPERTY wholly or partially situated in **New Madrid Counties**, the deductible shall be 2% of the value, per the VALUATION clause of the LOSS ADJUSTMENT AND SETTLEMENT section of the Policy, of the INSURED PROPERTY as of the date of the loss at the INSURED PROPERTY where physical damage occurred and for which the insured-NAMED INSURED is making a claim for loss. If the claim as respects Losses from an **Earthquake** in **New Madrid Counties** involves loss or damage at more than one INSURED PROPERTY, the deductible amount shall be calculated separately for each INSURED PROPERTY suffering loss or damage and applied separately to the adjusted loss at each INSURED PROPERTY, but in no event shall the total deductible to be applied to a single Occurrence with respect to such losses be less than the minimum amount of \$ _____, for all such loss or damage at all INSURED PROPERTY, and coverages, combined.

D. All Other Perils

As respects losses from any other peril, a \$ _____ deductible per **Occurrence** for all INSURED PROPERTY, and coverages, combined shall apply.

Two or More Deductibles

In the event of any **Occurrence** resulting in loss or damage insured against under this Policy for which two or more deductibles apply, the total deductible shall not exceed the single largest deductible applicable to the **Occurrence**.

However, in any **Occurrence** where loss or damage is caused by more than one peril insured against under this Policy, the ~~Insured-NAMED INSURED~~ shall have the right to separate the loss amount by peril for the purposes of application of the deductible(s) specified in this section, notwithstanding the above reference to two or more deductibles.

PROPERTY DAMAGE - SECTION B

This Policy covers property, as described in this Policy, against all risks of direct physical loss or direct physical damage, except as hereinafter excluded, while located as described in this Policy.

1. INSURED PROPERTY

This Policy insures the following property, unless otherwise excluded elsewhere in this Policy, anywhere within the policy territory, to the extent of the interest of the ~~NAMED INSURED Insured~~ in such property.

- A. Real Property, including but not limited to buildings, remodeling, installations, and construction in which the ~~NAMED INSURED Insured~~ has an insurable interest.
- B. Personal Property:
 - 1) Owned by the ~~NAMED INSURED Insured~~, including the ~~NAMED INSURED'S Insured's~~ interest as a tenant in improvements and betterments. In the event of physical loss or damage, the Company agrees to accept and consider the ~~NAMED INSURED Insured~~ as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary;
 - 2) Of officers and employees of the ~~NAMED INSURED Insured~~, while acting within the scope of duties on behalf of the NAMED INSURED, at or within 100 feet of an insured building;
 - 3) Of ~~deputies-law enforcement~~ and ~~volunteer~~ fire department employees, including volunteer law enforcement and volunteer fire department personnel, within the coverage TERRITORY while acting within the scope of duties on behalf of the ~~NAMED INSURED Insured~~.
 - 4) Of others in the ~~NAMED INSURED'S Insured's~~ custody to the extent the ~~NAMED INSURED Insured~~ is under obligation to keep insured for physical loss or damage insured by this Policy; or
 - 5) Of others in the ~~NAMED INSURED'S Insured's~~ custody to the extent of the ~~NAMED INSURED'S Insured's~~ legal liability for physical loss or damage to personal property. The Company will defend that portion of any suit against the ~~NAMED INSURED Insured~~ that alleges such liability and seeks damages for such insured physical loss or damage. The Company may, without prejudice, investigate, negotiate and settle any claim or suit as the Company deems expedient.
 - 6) **Mobile Equipment, Vehicles, Unmanned Aircraft Systems**, and watercraft owned, rented, or leased by the ~~NAMED INSURED Insured~~.

This Policy also insures the interest of contractors and subcontractors in insured property during construction at an INSURED PROPERTY to the extent of the ~~NAMED INSURED'S Insured's~~ legal liability for insured physical loss or damage to such property. Such interest of contractors and subcontractors is limited to the property for which they have been hired to perform work and such interest will not extend to any TIME ELEMENT coverage provided under this Policy.

2. PROPERTY EXCLUDED

This Policy excludes:

- A. Currency, money, precious metal in bullion form, notes, or securities.
- B. Land, water or any other substance in or on land; except this exclusion does not apply to loss or damage caused by or resulting from a **Defined Peril** for the following items:
 - 1) Land improvements consisting of landscaping including trees and shrubs, tunnels, piers, docks, pilings, bulkheads, wharves, piping, fiber optic cable, and retaining walls, but not including any land beneath such property.
 - 2) Bridges and dams (including earthen dams), but not including coverage for the peril of **Flood**.
 - 3) Pavements, sidewalks, parking lots, and culverts at an INSURED PROPERTY, but not including roadways, highways, and streets.
 - 4) Athletic Fields including necessary materials, fill, and substrate beneath such fields.
 - 5) Water that is contained within any enclosed tank, piping system or any other processing equipment.
- C. Animals, but not including animals used for research and animals used for the operations of the [NAMED INSURED](#)~~insured~~.
- D. Spacecraft, satellites, or aircraft except **Unmanned Aircraft Systems**.
- E. Underground mines, mineshafts or caverns or any property within such mine, shaft or cavern.
- F. Canals, off shore drilling rigs, or reservoirs.
- G. Property sold by the [NAMED INSURED](#) ~~insured~~ under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers except as provided by the DEFERRED PAYMENT coverage of this Policy.
- H. Overhead transmission and distribution lines located more than 1 mile from an insured building.
- I. Standing timber, growing crops, sod, grass, or greens and tees at golf courses.
- J. Landfill original material (i.e. trash and debris), landfill liners or similar landfill barrier(s), natural or manmade.
- K. Equipment used to produce power or gas primarily for distribution to third parties.

3. ADDITIONAL COVERAGES

This Policy includes the following Additional Coverages for physical loss or damage insured by this Policy. These Additional Coverages:

Are subject to the applicable limit of liability;

Will not increase the Policy limit of liability; and

Are subject to the Policy provisions, including applicable exclusions and deductibles;
all as shown in this Section and elsewhere in this Policy.

A. ACCOUNTS RECEIVABLE

This Policy covers any shortage in the collection of accounts receivable, resulting from insured physical loss or damage to accounts receivable records while anywhere within the Policy TERRITORY, including while in transit. The Company will be liable for the interest charges on any loan to offset impaired collections pending repayment of such sum uncollectible as the result of such loss or damage. Unearned interest and service charges on deferred payment accounts and **Normal** credit losses on bad debts will be deducted in determining the recovery.

- 1) In the event of loss to accounts receivable records, the ~~NAMED INSURED Insured~~ will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding accounts receivable.
- 2) The ~~NAMED INSURED Insured~~ agrees to use any suitable property or service:
 - a. Owned or controlled by the ~~NAMED INSURED Insured~~; or
 - b. obtainable from other sources;in reducing the loss under this Additional Coverage.
- 3) This Policy covers any other necessary and reasonable costs incurred to reduce the loss, to the extent the losses are reduced.
- 4) If it is possible to reconstruct accounts receivable records so that no shortage is sustained, the Company will be liable only for the reasonable and necessary cost incurred for material and time required to re-establish or reconstruct such records, and not for any costs covered by any other insurance.
- 5) ACCOUNTS RECEIVABLE Exclusions: The following exclusions are in addition to the EXCLUSIONS clause of this Section:

This ADDITIONAL COVERAGE does not insure against shortage resulting from:

- a. Bookkeeping, accounting or billing errors or omissions; or
- b. (i) Alteration, falsification, manipulation; or
(ii) Concealment, destruction or disposal;

of accounts receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property; but only to the extent of such wrongful giving, taking, obtaining or withholding.

- 6) The settlement of loss will be made within 90 days from the date of physical loss or damage. All amounts recovered by the ~~NAMED INSURED Insured~~ on outstanding accounts receivable on the date of loss will belong and be paid to the Company up to the amount of loss paid by the

Company. All recoveries exceeding the amount paid will belong to the NAMED INSURED~~Insured~~.

B. ANIMALS

This Policy covers insured physical loss or damage to animals used for research and animals used for the operations of the NAMED INSURED~~Insured~~.

As respects ANIMALS, the following additional exclusions apply:

This Policy excludes the following unless directly resulting from other physical damage not excluded by this Policy:

- 1) Death, destruction, or injury from natural causes.
- 2) Escape.
- 3) Sickness, disease, infection, infestation or illness.
- 4) Error or omission in processing and/or failure on the part of the NAMED INSURED~~Insured~~ to provide nourishment, medicine or sanitary conditions.
- 5) Contamination of animals, food or medicine.

C. AUTOMATIC COVERAGE (NEWLY ACQUIRED)

This Policy covers INSURED PROPERTY rented, leased, purchased, or newly constructed by the NAMED INSURED~~Insured~~ after the inception date of this Policy within the Policy TERRITORY.

This Additional Coverage does not apply to property insured in whole or in part by any other insurance policy.

This coverage will apply until the date the INSURED PROPERTY is reported to the Company or 120 days from the date of acquisition, whichever comes first.

D. BRANDS AND LABELS

If branded or labeled property insured by this Policy is physically damaged and the Company elects to take all or any part of that property, the NAMED INSURED~~Insured~~ may at the Company's expense:

- 1) Stamp "salvage" on the property or its containers; or
- 2) Remove or obliterate the brands or labels;

if doing so will not damage the property. In either event, the NAMED INSURED~~Insured~~ must relabel such property or its containers to be in compliance with any applicable law.

E. CLAIM PREPARATION FEES AND EXPENSES

This Policy covers the actual costs incurred by the NAMED INSURED~~Insured~~, of reasonable fees payable to the NAMED INSURED'S~~Insured's~~ accountants, architects, auditors, engineers, or other professionals and the cost of using the NAMED INSURED'S~~Insured's~~ employees, for producing and certifying any particulars or details contained in the NAMED INSURED'S~~Insured's~~ books or

documents, or such other proofs, information or evidence required by the Company resulting from insured loss payable under this Policy for which the Company has accepted liability.

Coverage will not include the fees and costs of attorneys, public adjusters, and loss appraisers, all including any of their subsidiary, related or associated entities either partially or wholly owned by them or retained by them for the purpose of assisting them.

F. CONSEQUENTIAL REDUCTION IN VALUE

This Policy covers the reduction in value of insured merchandise that is a part of pairs, sets or components, directly resulting from physical loss or damage insured by this Policy to other insured parts of pairs, sets or components of such merchandise. If settlement is based on a constructive total loss, the ~~NAMED INSURED Insured~~ will surrender the undamaged parts of such merchandise to the Company.

G. DEBRIS REMOVAL

This Policy covers the reasonable and necessary costs incurred to remove debris from INSURED PROPERTY that remains as a direct result of physical loss or damage insured by this Policy.

This Additional Coverage does not cover the costs of removal of:

- 1) Contaminated uninsured property; or
- 2) The contaminant in or on uninsured property;

whether or not the contamination results from insured physical loss or damage. Contamination includes, but is not limited to, the presence of **Pollutants** or hazardous material.

H. DECONTAMINATION COSTS

If INSURED PROPERTY is contaminated as a direct result of physical damage insured by this Policy and there is in force at the time of the loss any law or ordinance regulating contamination, including but not limited to the presence of **Pollutants** or hazardous material, then this Policy covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated INSURED PROPERTY in a manner to satisfy such law or ordinance. This Additional Coverage applies only to that part of INSURED PROPERTY so contaminated as a direct result of insured physical damage.

The Company is not liable for the costs required for removing contaminated uninsured property nor the contaminant therein or thereon, whether or not the contamination results from an insured event.

I. DEFERRED PAYMENTS

This Policy covers insured physical loss or damage to personal property of the type insured sold by the ~~NAMED INSURED Insured~~ under a conditional sale or trust agreement or any installment or deferred payment plan and after such property has been delivered to the buyer. Coverage is limited to the unpaid balance for such property.

In the event of loss to property sold under deferred payment plans, the ~~NAMED INSURED Insured~~ will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding amounts due or to regain possession of the property.

There is no liability under this Policy for loss:

- 1) Pertaining to products recalled including, but not limited to, the costs to recall, test or to advertise such recall by the NAMED INSURED Insured.
- 2) From theft or conversion by the buyer of the property after the buyer has taken possession of such property.
- 3) To the extent the buyer continues payments.
- 4) Not within the Policy TERRITORY.

J. EARTH MOVEMENT

This Policy covers physical loss or damage caused by or resulting from **Earth Movement**.

K. ELECTRONIC DATA AND MEDIA

This Policy covers physical loss or damage to **Electronic Data and Media** while anywhere within the Policy TERRITORY, including while in transit.

- 1) This Additional Coverage excludes:
 - a. Property held as samples or for sale or for delivery after sale.
 - b. Errors or omissions in processing, programming or copying unless physical damage not excluded by this Policy results, in which event, this coverage will insure only such resulting damage.

L. ERRORS AND OMISSIONS

If physical loss or damage is not payable under this Policy solely due to an error or unintentional omission:

- 1) In the description of where INSURED PROPERTY is physically located;
- 2) To include any INSURED PROPERTY:
 - a. Owned, rented or leased by the NAMED INSURED Insured on the effective date of this Policy; or
 - b. Purchased, rented or leased by the NAMED INSURED Insured during the term of this Policy; or
- 3) That results in cancellation of the property insured under this Policy;

This Policy covers such physical loss or damage, to the extent it would have provided coverage had such error or unintentional omission not been made.

It is a condition of this Additional Coverage that any error or unintentional omission be reported by the NAMED INSURED Insured to the Company when discovered and corrected.

M. EXPEDITING EXPENSE

This Policy covers the reasonable and necessary costs incurred to pay for the temporary repair of insured damage to INSURED PROPERTY and to expedite the permanent repair or replacement of such damaged property.

This Additional Coverage does not cover costs:

- 1) Recoverable elsewhere in this Policy; or
- 2) Of permanent repair or replacement of damaged property.

N. FINE ARTS

This Policy covers physical loss or damage to **Fine Arts** articles while anywhere within the Policy TERRITORY, including while in transit.

- 1) This additional coverage excludes loss or damage if the **Fine Arts** cannot be replaced with other of like kind and quality, ~~unless it is specifically declared to the Company.~~
- 2) In addition, as respects FINE ARTS, the following exclusions apply:
 - a. Loss or damage from any repairing, restoration or retouching process.

O. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES

This Policy covers the following expenses resulting from a covered loss:

- 1) fire brigade charges and any extinguishing expenses which the NAMED INSURED ~~insured~~ incurs;
- 2) loss and disposal of fire extinguishing materials expended.

P. FLOOD

This Policy covers physical loss or damage caused by or resulting from **Flood**.

Q. INCREASED COST OF CONSTRUCTION

- 1) This Policy covers the reasonable and necessary costs incurred, described in Item 3) below, to satisfy the minimum requirements of the enforcement of any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures, provided:
 - a. Such law or ordinance is in force on the date of insured physical loss or damage; and
 - b. Its enforcement is a direct result of such insured physical loss or damage; and
- 2) This Additional Coverage does not cover any loss due to any law or ordinance with which the NAMED INSURED ~~insured~~ should have complied before the loss.
- 3) This Additional Coverage, as respects the property insured in Item 1) above, covers:
 - a. The cost to repair or rebuild the physically damaged portion of such property with materials and in a manner to satisfy such law or ordinance; and

b. The cost:

- (i) to demolish the physically undamaged portion of such property insured; and
- (ii) to rebuild it with materials and in a manner to satisfy such law or ordinance;

to the extent that such costs result when the total demolition of the physically damaged INSURED PROPERTY is required to satisfy such law or ordinance.

- 4) This Additional Coverage excludes any costs incurred as a direct or indirect result of enforcement of any laws or ordinances regulating any form of contamination including but not limited to the presence of **Pollutants** or hazardous material.
- 5) The Company's maximum liability for this Additional Coverage at each INSURED PROPERTY in any **Occurrence** will not exceed the actual cost incurred in demolishing the physically undamaged portion of the property insured in Item 1 above plus the lesser of:
 - a. The reasonable and necessary cost incurred, excluding the cost of land, in rebuilding on another site; or
 - b. The cost of rebuilding on the same site.

If the coverage under this clause is subject to a sublimit, such sublimit shall only apply with respects to paragraph 3)a. above. Such sublimit shall not apply with respect to paragraph 3)b. above where coverage described therein shall be included within the Policy limit.

R. LAND AND WATER CONTAMINANT OR POLLUTANT CLEANUP, REMOVAL & DISPOSAL

This Policy covers the reasonable and necessary cost for the cleanup, removal and disposal of contaminants or pollutants from uninsured property consisting of land, including water or any other substance in land, and water on land, at the INSURED PROPERTY if the release, discharge or dispersal of contaminants or pollutants is a direct result of insured physical loss or damage to INSURED PROPERTY.

This Policy does not cover the cost to cleanup, remove and dispose of contaminants or pollutants from such property:

- 1) At any INSURED PROPERTY for personal property only; or
- 2) When the NAMED INSURED Insured fails to give written notice of loss to the Company within 180 days after inception of the loss.

S. MISCELLANEOUS UNNAMED PROPERTY

This Policy covers the NAMED INSURED'S Insured's interest in covered property within the Policy TERRITORY which is not specifically on file, identified, or scheduled by the Insurer. No coverage is provided under this provision on property while waterborne.

This provision does not cover any property insured or excluded under any other item of this policy.

T. PROPERTY IN THE COURSE OF CONSTRUCTION AND SOFT COSTS

This Policy covers projects in the course of construction.

This Additional Coverage also covers the necessary **Soft Costs**.

U. PROTECTION AND PRESERVATION OF PROPERTY

This Policy covers:

- 1) Reasonable and necessary costs incurred for actions to temporarily protect or preserve INSURED PROPERTY, provided such actions are necessary due to actual, or to prevent immediately impending, insured physical loss or damage to such INSURED PROPERTY.
- 2) Reasonable and necessary includes, but is not limited to:
 - a. Fire department fire-fighting charges imposed as a result of responding to a fire in, on or exposing the INSURED PROPERTY;
 - b. Costs incurred of restoring and recharging fire protection systems following an insured loss; and
 - c. Costs incurred for the water used for fighting a fire in, on or exposing the INSURED PROPERTY.

This Additional Coverage is subject to the deductible provisions that would have applied had the physical loss or damage occurred.

V. SERVICE INTERRUPTION PROPERTY DAMAGE

- 1) This Policy covers physical loss or damage to INSURED PROPERTY when such physical loss or damage results from the interruption of the specified incoming or outgoing services consisting of electricity, telecommunications, gas, fuel, steam, water, refrigeration or from the lack of incoming or outgoing sewerage service by reason of physical loss or damage of the type insured against to real and personal property of the type covered to the facilities of the supplier of such service located within the Policy TERRITORY, that immediately prevents in whole or in part the delivery of such usable service.
- 2) This Additional Coverage will apply when the **Period of Service Interruption** is in excess of the time shown as **Waiting Period** in the WAITING PERIOD clause of the DECLARATIONS Section.
- 3) Additional General Provisions:
 - a. The ~~NAMED INSURED Insured~~ will immediately notify the suppliers of services of any interruption of such services.
 - b. The Company will not be liable if the interruption of such services is caused directly or indirectly by the failure of the ~~NAMED INSURED Insured~~ to comply with the terms and conditions of any contracts the ~~NAMED INSURED Insured~~ has for the supply of such specified services.

W. TERRORISM

This Policy covers physical loss or damage caused by or resulting from **Terrorism**.

X. TRANSIT

- 1) This Policy covers the following ~~Insured Property~~ **INSURED PROPERTY** within the Policy TERRITORY, except as excluded by this Policy, while in transit:
 - a. Owned by the ~~NAMED INSURED Insured~~ within the Policy TERRITORY of this policy.
 - b. Shipped to customers under F.O. B., C & F or similar terms. The ~~NAMED INSURED'S Insured's~~ contingent interest in such shipments is admitted.
 - c. Of others in the actual or constructive custody of the ~~NAMED INSURED Insured~~ to the extent of the ~~NAMED INSURED'S Insured's~~ interest or legal liability.
 - d. Of others sold by the ~~NAMED INSURED Insured~~ that the ~~NAMED INSURED Insured~~ has agreed prior to the loss to insure during course of delivery.
- 2) This Additional Coverage excludes:
 - a. Samples in the custody of salespeople or selling agents.
 - b. Property insured under import or export ocean marine insurance.
 - a. Waterborne shipments, unless:
 - i) by inland water; or
 - ii) by coastal shipments.
 - d. Airborne shipments unless by regularly scheduled passenger airlines or air freight carriers.
 - e. Property of others, including the ~~NAMED INSURED'S Insured's~~ legal liability for it, hauled on **Vehicles** owned, leased or operated by the ~~NAMED INSURED Insured~~ when acting as a common or contract carrier.
 - f. Any transporting **Vehicle**.
 - g. Property shipped between continents, except by land or air between Europe and Asia.
- 3) Coverage Attachment and Duration
 - a. This Additional Coverage covers from the time the property leaves the original point of shipment for transit until the property arrives at destination.
 - b. However, coverage on export shipments not insured under ocean cargo policies ends when the property is loaded on board overseas vessels or aircraft. Coverage on import shipments not insured under ocean cargo policies begins after discharge from overseas vessels or aircraft.
- 4) This Additional Coverage:
 - a. Covers general average and salvage charges on shipments covered while waterborne.

- b. Insures physical loss or damage caused by or resulting from:
 - i) Unintentional acceptance of fraudulent bills of lading, shipping or messenger receipts;
 - ii) Improper parties having gained possession of property through fraud or deceit.

5) Additional General Provisions

- a. This Additional Coverage will not inure directly or indirectly to the benefit of any carrier or bailee.
- b. The ~~NAMED INSURED Insured~~ has permission, without prejudicing this insurance, to accept:
 - i) Ordinary bills of lading used by carriers;
 - ii) Released bills of lading;
 - iii) Undervalued bills of lading; and
 - iv) Shipping or messenger receipts.
- c. The ~~NAMED INSURED Insured~~ may waive subrogation against railroads under sidetrack agreements.

Except as otherwise stated, the ~~NAMED INSURED Insured~~ will not enter into any special agreement with carriers releasing them from their common law or statutory liability.

Y. VALUABLE PAPERS AND RECORDS

This Policy covers physical loss or damage to **Valuable Papers and Records** while anywhere within the Policy TERRITORY, including while in transit.

- 1) This Additional Coverage excludes:
 - a. Property held as samples or for sale or for delivery after sale, and
 - b. Errors or omissions in processing, programming or copying unless physical damage not excluded by this Policy results, in which event, this coverage will insure only such resulting damage.

4. EXCLUSIONS

The following exclusions apply unless specifically stated elsewhere in this Policy.

- A. This Policy excludes:
 - 1) Indirect or remote loss or damage.
 - 2) Interruption of business; except to the extent provided by this Policy.
 - 3) Loss of market or loss of use.

- 4) Loss or damage or deterioration arising from any delay.
 - 5) Mysterious disappearance, loss or shortage disclosed on taking inventory for which the loss can be proven solely on the inventory records, or any unexplained loss.
 - 6) Loss from enforcement of any law or ordinance:
 - a. Regulating the construction, repair, replacement, use or removal, including debris removal, of any property; or
 - b. Requiring the demolition of any property, including the cost in removing its debris;

except as provided by the DEBRIS REMOVAL, DECONTAMINATION COSTS and INCREASED COST OF CONSTRUCTION coverages of the PROPERTY DAMAGE Section of this Policy.
 - 7) Loss from the accumulated effects of smog, smoke, vapor, liquid or dust.
- B. This Policy excludes loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:
- 1) Nuclear reaction or nuclear radiation or radioactive contamination. However:
 - a. If physical damage by fire or sprinkler leakage results, then only that resulting damage is insured; but not including any loss or damage due to nuclear reaction, radiation or radioactive contamination.
 - b. This Policy does insure physical damage directly caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the INSURED PROPERTY, provided that on the date of loss, there is neither a nuclear reactor nor any new or used nuclear fuel on the INSURED PROPERTY.
 - 2) a. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by any:
 - (i) Government or sovereign power (de jure or de facto);
 - (ii) Military, naval or air force; or
 - (iii) Agent or authority of any party specified in (i) or (ii) above.
 - b. Discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.
 - c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an event.
 - d. Seizure or destruction under quarantine or custom regulation, or confiscation by order of any governmental or public authority.
 - e. Risks of contraband, or illegal transportation or trade.

- 3) Any dishonest act, including but not limited to theft, committed alone or in collusion with others, at any time:
- a. By a ~~an Insured~~ NAMED INSURED or any proprietor, partner, director, trustee, officer, or employee of ~~an Insured~~ NAMED INSURED; or
 - b. By any proprietor, partner, director, trustee, or officer of any business or entity (other than a common carrier) engaged by ~~an Insured~~ NAMED INSURED to do anything in connection with property insured under this Policy.

This Policy does insure acts of direct insured physical damage intentionally caused by an employee of ~~an Insured~~ NAMED INSURED or any individual specified in b. above, and done without the knowledge of the ~~Insured~~ NAMED INSURED. In no event does this Policy cover loss by theft by any individual specified in a. or b. above.

- 4) Lack of the following services:
- a) incoming or outgoing electricity, fuel, water, gas, steam, refrigerant;
 - b) incoming or outgoing sewerage;
 - c) incoming or outgoing telecommunications;

all when caused by an **Occurrence** off the INSURED PROPERTY, except as provided in SERVICE INTERRUPTION in the PROPERTY DAMAGE or TIME ELEMENT Section of this Policy. But, if the lack of such a service directly causes physical damage insured by this Policy on the INSURED PROPERTY, then only that resulting damage is insured.

- 5) The unlawful possession, use, release, discharge, dispersal or disposal of any chemical or similar agent or matter regardless of who is responsible for the act and whether war has been declared or not, and regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- C. This Policy excludes the following, but, if physical damage not excluded by this Policy results, then only that resulting damage is insured:
- 1) Faulty workmanship, material, construction or design from any cause.
 - 2) Loss or damage to stock or material attributable to manufacturing or processing operations while such stock or material is being processed, manufactured, tested, or otherwise worked on.
 - 3) Deterioration, depletion, rust, corrosion or erosion, wear and tear, inherent vice or latent defect.
 - 4) Settling, cracking, shrinking, bulging, or expansion of foundations (including any pedestal, pad, platform or other property supporting machinery), floors, pavements, walls, ceilings or roofs.
 - 5) Changes of temperature damage (except to machinery or equipment); or changes in relative humidity damage; all whether atmospheric or not.
 - 6) Insect, animal or vermin damage, except damage to **Mobile Equipment** and **Vehicles**.

- D. This Policy excludes the following unless directly resulting from other physical damage not excluded by this Policy:
- 1) Contamination including but not limited to the presence of **Pollutants** or hazardous material.
 - 2) Shrinkage; changes in color, flavor, texture or finish.
 - 3) Asbestos material defects, treatment, abatements or removal.
- E. This Policy excludes the following, but, if physical damage results from a **Defined Peril**, then only that resulting damage is insured.
- 1) Any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility, including but not limited to Computer Virus. Computer Virus shall mean a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. Computer Virus includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.
 - 2) Any corruption, destruction, distortion, erasure or other loss or damage to data, software, or any kind of programming or instruction set.
 - 3) Loss of use or functionality whether partial or entire of data, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing liability or failure of the NAMED INSURED ~~Insured~~ to conduct business.
 - 4) The failure of any of the following, whether owned by you or others:
 - (a) Data processing equipment, software, data, or media;
 - (b) Hardware or software based computer operating systems;
 - (c) Microprocessors;
 - (d) Integrated circuits; or,
 - (e) Any other electronic equipment, computerized equipment, or similar devices;due to the inability of these items to correctly recognize, process, or accept one or more dates or times as their true calendar date or time.
 - 5) Fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast;
 - (a) fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms;
 - (b) mold(s) includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s);
 - (c) spores means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms.

TIME ELEMENT - SECTION C

1. LOSS INSURED

- A. This Policy insures TIME ELEMENT loss, as provided in the TIME ELEMENT COVERAGES, directly resulting from physical loss or damage of the type insured by this Policy:
- 1) To property described elsewhere in this Policy and not otherwise excluded by this Policy or otherwise limited in the TIME ELEMENT COVERAGES below; and
 - 2) Used by the NAMED INSURED Insured, or for which the NAMED INSURED Insured has contracted use; and
 - 3) Located at an INSURED PROPERTY or in the case of PERSONAL PROPERTY within the Policy TERRITORY; and
 - 4) While in transit as provided by this Policy; and
 - 5) During the Periods of Liability described in this Section.
- B. This Policy insures TIME ELEMENT loss only to the extent it cannot be reduced through:
- 1) The use of any property or service owned or controlled by the NAMED INSURED Insured;
 - 2) The use of any property or service obtainable from other sources;
 - 3) Working extra time or overtime; or
 - 4) The use of inventory;
- all whether at an INSURED PROPERTY or at any other location. The Company reserves the right to take into consideration the combined operating results of all associated, affiliated or subsidiary companies of the NAMED INSURED Insured in determining the TIME ELEMENT loss.
- C. This Policy covers expenses reasonably and necessarily incurred by the NAMED INSURED Insured to reduce the loss otherwise payable under this Section of this Policy. The amount of such recoverable expenses will not exceed the amount by which the loss has been reduced.
- D. Except as respects LEASEHOLD INTEREST, in determining the amount of loss payable, the Company will consider the experience of the business before and after and the probable experience during the PERIOD OF LIABILITY.

2. TIME ELEMENT COVERAGES

A. BUSINESS INCOME

- 1) Measurement of Loss:
 - a. The recoverable BUSINESS INCOME loss is the Actual Loss Sustained by the NAMED INSURED Insured of the following during the PERIOD OF LIABILITY:
 - i) **Gross Earnings** including **Ordinary Payroll**;

- ii) Less all charges and expenses that do not necessarily continue during the interruption of production or suspension of business operations or services;
 - iii) Plus all other earnings derived from the operation of the business;
- b. In determining the indemnity payable as the Actual Loss Sustained, the Company will consider the continuation of only those **Normal** charges and expenses that would have been earned had no interruption of production or suspension of business operations or services occurred.
- c. There is recovery hereunder only to the extent that the NAMED INSURED Insured is:
- i) Wholly or partially prevented from producing goods or continuing business operations or services;
 - ii) Unable to make up lost production within a reasonable period of time, not limited to the period during which production is interrupted;
 - iii) Unable to continue such operations or services during the PERIOD OF LIABILITY;
and
 - iv) Able to demonstrate a loss of sales for the services or production prevented.

B. EXTRA EXPENSE

1) Measurement of Loss:

The recoverable EXTRA EXPENSE loss will be the reasonable and necessary extra costs incurred by the NAMED INSURED Insured of the following during the PERIOD OF LIABILITY:

- a. Extra expenses to temporarily continue as nearly **Normal** as practicable the conduct of the NAMED INSURED'S Insured's business and
- b. Extra costs of temporarily using property or facilities of the NAMED INSURED Insured or others;

less any value remaining at the end of the PERIOD OF LIABILITY for property obtained in connection with the above.

2) EXTRA EXPENSE Exclusions: As respects EXTRA EXPENSE, the following are also excluded:

- a. Any loss of income.
- b. Costs that **Normally** would have been incurred in conducting the business during the same period had no physical loss or damage occurred.
- c. Cost of permanent repair or replacement of property that has been damaged or destroyed.

- d. Any expense recoverable elsewhere in this Policy.

C. LEASEHOLD INTEREST

- 1) Measurement of Loss: The recoverable LEASEHOLD INTEREST loss is as follows:
 - a. If the lease agreement requires continuation of rent; and if the property is wholly untenable or unusable, the actual rent payable for the unexpired term of the lease; or if the property is partially untenable or unusable, the proportion of the rent payable for the unexpired term of the lease.
 - b. If the lease is canceled by the lessor pursuant to the lease agreement or by the operation of law; the **Lease Interest** for the first three months following the loss; and the **Net Lease Interest** for the remaining unexpired term of the lease.
- 2) LEASEHOLD INTEREST Exclusions: As respects LEASEHOLD INTEREST, TIME ELEMENT EXCLUSIONS A, B, and C do not apply and the following applies instead:

This Policy does not insure any increase in loss resulting from the suspension, lapse or cancellation of any license, or from the NAMED INSURED Insured exercising an option to cancel the lease; or from any act or omission of the NAMED INSURED Insured that constitutes a default under the lease.

In addition, there is no coverage for the NAMED INSURED'S Insured's loss of LEASEHOLD INTEREST directly resulting from damage to Personal Property.

D. RENTAL INSURANCE

- 1) Measurement of Loss: The recoverable RENTAL INSURANCE loss is the Actual Loss Sustained by the NAMED INSURED Insured of the following during the PERIOD OF LIABILITY:
 - a. The fair rental value of any portion of the property occupied by the NAMED INSURED Insured;
 - b. The income reasonably expected from rentals of unoccupied or unrented portions of such property; and
 - c. The rental income from the rented portions of such property according to bona fide leases, contracts or agreements in force at the time of loss;all not to include noncontinuing charges and expenses.
- 2) RENTAL INSURANCE Exclusions: As respects RENTAL INSURANCE, TIME ELEMENT EXCLUSION A does not apply and the following applies instead:

This Policy does not insure any loss of rental income during any period in which the INSURED PROPERTY would not have been tenantable for any reason other than an insured loss.

E. CONTINGENT TAX REVENUE INTERRUPTION (EXCLUDING EARTH MOVEMENT, NAMED STORM, AND FLOOD)

This Policy insures against loss resulting directly from necessary interruption of sales, property or other tax revenue collected by or due the ~~NAMED INSURED Insured~~ caused by damage, or destruction by a peril not excluded from this Policy to property which is not operated by the insured and which wholly or partially prevents the generation of revenue for the account of the insured.

- 1) In the event of such damage or destruction, the Company shall be liable, with limitations as indicated, if the following conditions a and b are both met:
 - a. The total revenue is reduced to less than 97.5% of the ~~NAMED INSURED'S Insured's~~ anticipated revenue had no loss occurred.
 - b. The company shall be liable for the actual loss sustained for only the length of time as would be required with exercise of due diligence and dispatch to rebuild, replace or repair the contributing property commencing with the date of damage to the contributing property, but not limited by the expiration date of this Policy.
- 2) Deductible: Each loss or series of losses arising out of one event at INSURED PROPERTY shall be adjusted separately and from the aggregated amount of all such losses 2.50% of the annual revenue value shall be deducted.

3. TIME ELEMENT COVERAGE EXTENSIONS

A. CONTINGENT BUSINESS INCOME AND EXTRA EXPENSE

This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the ~~NAMED INSURED Insured~~ during the PERIOD OF LIABILITY:

- 1) Directly resulting from physical loss or damage of the type insured; and
- 2) To property of the type insured,

at direct supplier or customer locations located within the Policy TERRITORY.

The term "supplier or customer" does not include any company supplying to or receiving from the INSURED PROPERTY, as described elsewhere in this Policy, electricity, fuel, gas, water, steam, refrigeration, sewage or telecommunications.

B. EXTENDED PERIOD OF INDEMNITY

The BUSINESS INCOME and RENTAL INSURANCE coverages are extended to cover the reduction in sales resulting from:

- 1) The interruption of business as covered by BUSINESS INCOME:
- 2) For such additional length of time as would be required with the exercise of due diligence and dispatch to restore the ~~NAMED INSURED'S Insured's~~ business to the condition that would have existed had no loss occurred; and
- 3) Commencing with the date on which the liability of the Company for loss resulting from interruption of business would terminate if this Extension had not been included herein.
- 4) The loss or rental income or rental value as covered by RENTAL INSURANCE.

EXTENDED PERIOD OF INDEMNITY Exclusions: As respects EXTENDED PERIOD OF INDEMNITY, the TIME ELEMENT EXCLUSION for increase in loss due to suspension, lapse of any lease, contract or license or order does not apply.

This Policy does not insure against any increase in loss due to fines or damages for breach of contract or for late or noncompletion of orders, or penalties of any nature.

Coverage under this Extension for the reduction in sales due to contract cancellation will be limited to only those sales that would have been earned under the contract during the EXTENDED PERIOD OF INDEMNITY.

This Policy does not provide coverage under this extension for more than the number of consecutive days shown in LIMITS OF LIABILITY clause of the DECLARATIONS Section.

C. INGRESS/EGRESS

This Policy covers the Actual Loss Sustained and Extra Expense incurred by the NAMED INSURED Insured due to the necessary interruption of the NAMED INSURED'S Insured's business due to prevention of ingress to or egress from an INSURED PROPERTY, provided that such prevention is a direct result of physical damage of the type insured by this Policy, to the kind of property not excluded by this Policy, and which is located within five (5) statute mile of the INSURED PROPERTY incurring loss.

INGRESS/EGRESS Exclusions: As respects INGRESS/EGRESS, the following exclusions are applicable:

This Policy does not insure loss resulting from:

- 1) lack of incoming or outgoing service consisting of electric, fuel, gas, water, steam, refrigerant, sewerage and telecommunications.
- 2) picketing or other action by strikers except for physical damage not excluded by this Policy.

This Policy does not provide coverage under this extension for more than the number of consecutive days shown in the LIMITS OF LIABILITY clause of the DECLARATIONS Section.

D. INTERRUPTION BY CIVIL AUTHORITY

This Policy covers the Actual Loss Sustained and Extra Expense incurred by the NAMED INSURED Insured during the PERIOD OF LIABILITY when access to INSURED PROPERTY is specifically prohibited by order of civil authority, provided such order is a direct result of actual loss or damage from a peril covered under this Policy to property of the type insured against under this policy which is located within five (5) statute miles of the INSURED PROPERTY to which access is prohibited.

This Policy does not provide coverage under this extension for more than the number of consecutive days shown in the LIMITS OF LIABILITY clause of the DECLARATIONS Section.

E. ON PREMISES SERVICES

This Policy covers the Actual Loss Sustained by the [NAMED INSURED Insured](#) during the PERIOD OF LIABILITY directly resulting from physical loss or damage of the type insured to the following property located on the [NAMED INSURED'S Insured's](#) premises:

- 1) Electrical and telecommunications equipment.
- 2) Electrical, telecommunications, fuel, gas, water, steam, refrigeration and sewerage transmission lines.

F. EVACUATION EXPENSE

In the case of actual or imminent loss or damage of the type insured against by this policy, or a Mandatory Evacuation Order, this Policy will pay the expenses incurred by the [NAMED INSURED Insured](#) for the emergency evacuation of patients, inmates, and juvenile detainees from INSURED PROPERTY.

Mandatory Evacuation Order means the first public broadcast of a compulsory evacuation made by the responsible civil authority that is specific as to the effective date, time and area affected and which arises out of a peril for which coverage would have been provided if such peril had caused loss or damage to INSURED PROPERTY. The Mandatory Evacuation Order must commence during the POLICY PERIOD. Recommended, advisory, precautionary, or voluntary evacuation is not included in the definition of Mandatory Evacuation Order.

This additional coverage does not apply to any expenses incurred for: scheduled evacuation drills, fire or safety drills, or the evacuation of a patient due to a medical condition. This coverage also includes expenses incurred to return patients, inmates, and juvenile detainees to INSURED PROPERTY.

G. PROTECTION AND PRESERVATION OF PROPERTY – TIME ELEMENT

This Policy covers the Actual Loss Sustained by the [NAMED INSURED Insured](#) for the temporary protection and preservation of property insured by this Policy provided such action is necessary to prevent immediately impending physical loss or damage insured by this Policy at such INSURED PROPERTY.

This extension is subject to the deductible provisions that would have applied had the physical loss or damage occurred.

H. RESEARCH AND DEVELOPMENT

The BUSINESS INCOME coverage is extended to insure the Actual Loss Sustained by the [NAMED INSURED Insured](#) of continuing fixed charges and **Ordinary Payroll** directly attributable to the interruption of research and development activities that in themselves would not have produced income during the PERIOD OF LIABILITY.

The PERIOD OF LIABILITY for this TIME ELEMENT COVERAGE EXTENSION will be the period from the time of direct physical loss or damage of the type insured by this Policy to the time when the property could be repaired or replaced and made ready for operations under the same or equivalent physical and operating conditions that existed prior to damage.

I. SERVICE INTERRUPTION TIME ELEMENT

- 1) This Policy covers the Actual Loss Sustained and Extra Expense incurred by the [NAMED INSURED Insured](#) during the **Period of Service Interruption** at INSURED PROPERTY when

the loss is caused by the interruption of incoming or outgoing services consisting of electricity, gas, fuel, steam, water, refrigeration or from the lack of incoming or outgoing sewerage service by reason of physical loss or damage of the type insured against to real and personal property of the type covered to the facilities of the utility supplier of such service located within the Policy TERRITORY, that immediately prevents in whole or in part the delivery of such usable services.

- 2) This extension will apply when the **Period of Service Interruption** is in excess of the time shown as **Waiting Period** in the WAITING PERIOD clause of the DECLARATIONS Section.
- 3) Additional General Provisions:
 - a. The NAMED INSURED Insured will immediately notify the suppliers of services of any interruption of such services.
 - b. The Company will not be liable if the interruption of such services is caused directly or indirectly by the failure of the NAMED INSURED Insured to comply with the terms and conditions of any contracts the NAMED INSURED Insured has for the supply of such specified services.

4. PERIOD OF LIABILITY

A. The PERIOD OF LIABILITY applying to all TIME ELEMENT COVERAGES, except LEASEHOLD INTEREST and as shown below, or if otherwise provided under the TIME ELEMENT COVERAGE EXTENSIONS, is as follows:

- 1) For building and equipment, the period:
 - a. Starting from the time of physical loss or damage of the type insured against; and
 - b. Ending when with due diligence and dispatch the building and equipment could be:
 - i) Repaired or replaced; and
 - ii) Made ready for operations;under the same or equivalent physical and operating conditions that existed prior to the damage.
 - c. Not to be limited by the expiration of this Policy.
- 2) For building and equipment under construction:
 - a. The equivalent of the above period of time will be applied to the level of business that would have been reasonably achieved after construction and startup would have been completed had no physical damage happened; and
 - b. Due consideration will be given to the actual experience of the business compiled after completion of the construction and startup.
- 3) For stock-in-process and mercantile stock, including finished goods not manufactured by the NAMED INSURED Insured, the time required with the exercise of due diligence and dispatch:

- a. To restore stock in process to the same state of manufacture in which it stood at the inception of the interruption of production or suspension of business operations or services; and
- b. To replace physically damaged mercantile stock.

This item does not apply to RENTAL INSURANCE.

4) For raw materials and supplies, the period of time:

- a. Of actual interruption of production or suspension of operations or services resulting from the inability to get suitable raw materials and supplies to replace similar ones damaged; but
- b. Limited to that period for which the damaged raw material and supplies would have supplied operating needs.

5) If water:

- a. Used for any manufacturing purpose, including but not limited to as a raw material or for power;
- b. Stored behind dams or in reservoirs; and
- c. At any INSURED PROPERTY;

is released as the result of physical damage of the type insured against under this policy to such dam, reservoir or connected equipment, the Company's liability due to inadequate water supply is limited to 30 consecutive days after the damaged dam, reservoir or connected equipment has been repaired or replaced.

This item does not apply to RENTAL INSURANCE.

6) For physically damaged exposed film, records, manuscripts and drawings, the time required to copy from backups or from originals of a previous generation. This time does not include research, engineering or any other time necessary to restore or recreate lost information.

This item does not apply to RENTAL INSURANCE.

7) For physically damaged or destroyed data, programs or other software stored on electronic, electro-mechanical, electro-magnetic data processing or production equipment, the time to recreate or restore including the time for researching or engineering lost information.

This item does not apply to RENTAL INSURANCE.

8) If an order of civil authority prohibits access to the INSURED PROPERTY and provided such order is the direct result of physical damage of the type insured against under this Policy at the INSURED PROPERTY or within 5 statute miles of it, the period of time:

- a. Starting at the time of physical damage; but
- b. Not to exceed 30 consecutive days.

B. The PERIOD OF LIABILITY does not include any additional time due to the [NAMED INSURED'S](#)

~~Insured's~~ inability to resume operations for any reason, including but not limited to:

- 1) Making changes to equipment.
- 2) Making changes to the buildings or structures except as provided in the INCREASED COST OF CONSTRUCTION provision.
- 3) Restaffing or retraining employees.

If two or more Periods of Liability apply, such periods will not be cumulative.

5. TIME ELEMENT EXCLUSIONS

In addition to exclusion elsewhere in this Policy, the following exclusions apply to TIME ELEMENT loss:

This Policy does not insure against:

- A. Any loss during any idle period, including but not limited to when production, operation, service or delivery or receipt of goods would cease, or would not have taken place or would have been prevented due to:
 - 1) Physical loss or damage not insured by this Policy on or off the INSURED PROPERTY.
 - 2) Planned or rescheduled shutdown.
 - 3) Strikes or other work stoppage.
 - 4) Any other reason other than physical loss or damage insured by this Policy.
- B. Any increase in loss due to:
 - 1) Suspension, cancellation or lapse of any lease, contract, license or orders; or
 - 2) Fines or damages for breach of contract or for late or noncompletion of orders; or
 - 3) For penalties of any nature; or
 - 4) Any other consequential or remote loss.
- C. Any loss resulting from loss or damage to finished goods manufactured by the NAMED INSURED~~Insured~~, nor the time required for their reproduction.

LOSS ADJUSTMENT AND SETTLEMENT - SECTION D

1. LOSS ADJUSTMENT/PAYABLE

Loss, if any, will be adjusted with and payable to the NAMED INSURED~~Named Insured~~ or as may be directed by the NAMED INSURED~~Named Insured~~. Additional insured interests will also be included in loss payment as their interests may appear when named as additional named insured, lender, mortgagee and/or loss payee in the Certificates of Insurance on file with the Company or named below.

2. CURRENCY FOR LOSS PAYMENT

Losses will be adjusted and paid in the currency of the United States of America, except in Canada where losses will be paid in Canadian currency, unless directed otherwise by the [NAMED INSURED~~Insured~~](#).

3. VALUATION

Adjustment of the physical damage loss amount under this Policy will be computed as of the date of loss at the INSURED PROPERTY, and for no more than the interest of the [NAMED INSURED~~Insured~~](#), subject to the following:

- A. On stock in process, the value of raw materials and labor expended plus the proper proportion of overhead charges.
- B. On finished goods manufactured by the [NAMED INSURED~~Insured~~](#), the regular cash selling price at the INSURED PROPERTY where the loss happens, less all discounts and charges to which the finished goods would have been subject had no loss happened.
- C. On raw materials, supplies and other merchandise not manufactured by the [NAMED INSURED~~Insured~~](#):
 - 1) If repaired or replaced, the actual expenditure incurred in repairing or replacing the damaged or destroyed property; or
 - 2) If not repaired or replaced, the **Actual Cash Value**
- D. On property covered under DEFERRED PAYMENTS, the lesser of the:
 - 1) Total amount of unpaid installments less finance charges;
 - 2) **Actual Cash Value** of the property at the time of loss; or
 - 3) Cost to repair or replace with material of like size, kind and quality.
- E. On FINE ARTS articles, the lesser of:
 - 1) The reasonable and necessary cost to repair or restore such property to the physical condition that existed on the date of loss;
 - 2) Cost to replace the article; or
 - 3) Current market value at the time of the loss.
 - 3) The value reported for such property on the latest statement of values on file with the Company.

In the event a **Fine Arts** article is part of a pair or set, and a physically damaged article cannot be replaced, or repaired or restored to the condition that existed immediately prior to the loss, the Company will be liable for the lesser of the full value of such pair or set or the amount designated on the schedule. The [NAMED INSURED~~Insured~~](#) agrees to surrender the pair or set to the Company.
- F. On VALUABLE PAPERS AND RECORDS, and ELECTRONIC DATA AND MEDIA:

On data, programs or software stored on electronic, electro-mechanical, or electro-magnetic data processing or production equipment:

- 1) The cost to repair, replace or restore data, programs or software including the costs to recreate, research and engineer;
 - 2) If not repaired, replaced or restored within two years from the date of loss, the blank value of the media.
- G. On all other VALUABLE PAPERS AND RECORDS, and ELECTRONIC DATA AND MEDIA, the lesser of the following:
- 1) The cost to repair or restore, including the cost to recreate, research and engineer the item to the condition that existed immediately prior to the loss;
 - 2) The cost to replace the item.
- H. On **Mobile Equipment**, watercraft, and **Vehicles**:
- 1) The cost to repair or replace the owned property with new **Mobile Equipment**, watercraft, or **Vehicles** of like kind and quality at the time of loss, if less than or equal to two years from December 31 of the model year.
 - 2) When replacement cost is declared for **Mobile Equipment**, watercraft, or emergency **Vehicles** (limited to ambulances, Fire Trucks and Mobile Command Centers) on the statement of values, loss or damage shall be based on the lesser of the following at the time of loss regardless of age:
 - a. The cost to repair;
 - b. The cost to replace the property with new **Mobile Equipment**, watercraft, or emergency **Vehicles(s)** of like kind and quality;
 - c. The **Actual Cash Value** if not repaired or replaced within two years from the date of loss.
 - 3) The lesser of the **Actual Cash Value** at the time of loss or the cost to repair if greater than two years from December 31 of the model year.
 - 4) If not repaired or replaced, the **Actual Cash Value**.
- I. On historical property, valuation will be based upon the following requirements:
- 1) The NAMED INSURED Named Insured shall provide written notice to the Company, which specifically identifies where the property is located, when it was built, its total square footage with an attached appraisal based upon Reproduction Cost reproduction value that was conducted within five (5) years of the Effective Date of this Policy.
 - 2) At the time of loss, the basis of valuation for historical property, when the NAMED INSURED Named Insured has not complied, will be replacement cost as defined in L. below. Where the NAMED INSURED Named Insured has complied with the requirements, the basis of valuation will be Historical **Reproduction Cost**, or, if not replaced, at **Actual Cash Value**.
- J. On property in transit:
- 1) Property shipped to or for the account of the NAMED INSURED Insured will be valued at actual invoice to the NAMED INSURED Insured. Included in the value are accrued costs and charges legally due. Charges may include the NAMED INSURED'S Insured's commission as selling agent.

- 2) Property sold by the NAMED INSURED Insured and shipped to or for the purchaser's account will be valued at the NAMED INSURED'S Insured's selling invoice amount. Prepaid or advanced freight costs are included.
- 3) Property not under invoice will be valued at the actual cash market value at the destination point on the date of **Occurrence**, less any charges saved which would have become due and payable upon arrival at destination.

K. On **Vacant** property:

- 1) If the building or leased premises has been **Vacant** for a period of more than 90 consecutive days before the loss or damage occurs, the Company will not pay for any loss or damage caused by any of the following:
 - a. Vandalism
 - b. Sprinkler leakage
 - c. Building glass breakage
 - d. Water damage
 - e. Theft, or attempted theft
- 2) With respect to direct physical loss or damage, other than from causes listed in 1) a. through 1) e. above, and not otherwise excluded by this policy, the Company will reduce the amount the Company would otherwise pay for the loss or damage by 15%.

L. On all other property, the loss amount will not exceed the lesser of the following:

- 1) The cost to repair;
- 2) The cost to rebuild or replace on the same site with new materials of like size, kind and quality;
- 3) The cost in rebuilding, repairing or replacing on the same or another site, but not to exceed the size and operating capacity that existed on the date of loss;
- 4) The selling price of real property or machinery and equipment, other than stock, offered for sale on the date of loss;
- 5) The cost to replace unrepairable electrical or mechanical equipment, including computer equipment, with equipment that is the most functionally equivalent to that damaged or destroyed, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program of system enhancement.
- 6) The increased cost of demolition, if any, resulting from loss covered by this Policy, if such property is scheduled for demolition;
- 7) The unamortized value of improvements and betterments, if such property is not repaired or replaced at the NAMED INSURED'S Insured's expense; or
- 8) The **Actual Cash Value** if such property is:

- a. Useless to the ~~NAMED INSURED Insured~~; or
- b. Not repaired, replaced or rebuilt on the same or another site within two years from the date of loss.

The NAMED INSURED may elect to provide reproduction cost for non-historical property, in which case valuation will be based upon the following requirements:

1) The NAMED INSURED shall provide written notice to the Company, which specifically identifies where the property is located, when it was built, its total square footage with an attached appraisal based upon reproduction cost that was conducted within five (5) years of the Effective Date of this Policy.

The ~~NAMED INSURED Insured~~ may elect not to repair or replace the insured real and/or personal property lost, damaged or destroyed. Loss settlement may be elected on the lesser of repair or replacement cost basis if the proceeds of such loss settlement are expended on other capital expenditures related to the ~~NAMED INSURED'S Insured's~~ operations within two years from the date of loss. As a condition of collecting under this item, such expenditure must be unplanned as of the date of loss and be made at an INSURED PROPERTY under this Policy. This item does not extend to INCREASED COST OF CONSTRUCTION.

4. LOSS CONDITIONS

A. REQUIREMENTS IN CASE OF LOSS

The ~~NAMED INSURED Insured~~ will:

- 1) Give written notice to the Company of any loss as soon as practicable.
- 2) Protect the property from further loss or damage.
- 3) Promptly separate the damaged and undamaged property; put it in the best possible order; and furnish a complete inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, **Actual Cash Value**, replacement value and amount of loss claimed.
- 4) Give a signed and sworn proof of loss to the Company within 90 days after the loss, unless that time is extended in writing by the Company. The proof of loss must state the knowledge and belief of the ~~NAMED INSURED Insured~~ as to:
 - a. The time and origin of the loss;
 - b. The ~~NAMED INSURED'S Insured's~~ interest and that of all others in the property;
 - c. The **Actual Cash Value** and replacement value of each item and the amount of loss to each item; all encumbrances; and all other contracts of insurance, whether valid or not, covering any of the property;
 - d. Any changes in the title, use, occupation, location, possession or exposures of the property since the effective date of this Policy; and
 - e. By whom and for what purpose any INSURED PROPERTY was occupied on the date of loss, and whether or not it then stood on leased ground.

- 5) Include a copy of all the descriptions and schedules in all policies and, if required, provide verified plans and specifications of any buildings, fixtures, machinery or equipment destroyed or damaged.
- 6) Further, the NAMED INSURED Insured will as often as may be reasonably required:
 - a. Exhibit to any person designated by the Company all that remains of any property;
 - b. Submit to examinations under oath by any person designated by the Company and sign the written records of examinations; and
 - c. Produce for examination at the request of the Company:
 - i) All books of accounts, business records, bills, invoices and other vouchers; or
 - ii) Certified copies if originals are lost;

at such reasonable times and places that may be designated by the Company or its representative and permit extracts and machine copies to be made.

B. COMPANY OPTION

The Company has the option to take all or any part of damaged Personal Property at the agreed or appraised value. The Company must give notice to the NAMED INSURED Insured of its intention to do so within 30 days after receipt of proof of loss.

C. ABANDONMENT

There may be no abandonment of any property to the Company.

D. SUBROGATION

The NAMED INSURED Insured is required to cooperate in any subrogation proceedings. The Company may require from the NAMED INSURED Insured an assignment or other transfer of all rights of recovery against any party for loss to the extent of the Company's payment.

The Company will not acquire any rights of recovery that the NAMED INSURED Insured has expressly waived prior to a loss in writing, nor will such waiver affect the NAMED INSURED'S Insured's rights under this Policy.

Any recovery from subrogation proceedings, less costs incurred by the Company in such proceedings, will be payable to the NAMED INSURED Insured in the proportion that the amount of any applicable deductible bears to the entire covered loss amount.

E. APPRAISAL

The appraisal process is available to determine the value of a covered loss but is not available to determine whether a loss is covered. If the NAMED INSURED Insured and the Company fail to agree on the amount of loss, each will, on the written demand of either, select a competent and disinterested appraiser, but only after:

- 1) The ~~NAMED INSURED Insured~~ has fully complied with all provisions of this Policy, including REQUIREMENTS IN CASE OF LOSS; and
- 2) The Company has received a signed and sworn proof of loss from the ~~NAMED INSURED Insured~~.

Each will notify the other of the appraiser selected within 30 days of such demand.

The appraisers will first select a competent and disinterested umpire. If the appraisers fail to agree upon an umpire within 30 days the ~~NAMED INSURED Insured~~ and the Company shall jointly move to have an umpire selected by a judge of a court of record in the jurisdiction in which the appraisal is pending. The appraisers will then identify each item of physical damage or loss and appraise the amount of loss. The appraisal shall include a detailed breakdown of the costs necessary to repair or replace the item, and shall state separately the **Actual Cash Value** and replacement cost value as of the date of loss and the amount of loss, for each item of physical loss or damage or if, for TIME ELEMENT loss, the amount of loss for each TIME ELEMENT coverage of this Policy.

If the appraisers fail to agree, they will submit their differences to the umpire. The Umpire shall review the appraisals prepared by the appraisers selected by the Member and the Pool and shall inspect the property prior to preparing his appraisal. The appraisers for the Member and the Pool shall be afforded the opportunity to attend the Umpire's inspection of the property and provide sufficient input to allow the Umpire to understand the nature and reasons for the differences between the appraisals. After inspecting the property and receiving input from the appraisers, the Umpire shall identify each item of physical loss or damage and shall appraise the amount of the loss for each item. The Umpire's appraisal shall include a detailed breakdown of the costs necessary to repair or replace the item and shall state separately the **Actual Cash Value** and replacement cost value as of the date of the loss. An award agreed to in writing by any two of the three appraisers will determine the amount of loss. The appraisal award is subject to all terms of the coverage document and may be reduced by the application of a deductible called for by the coverage document.

The ~~NAMED INSURED Insured~~ and the Company will each:

- 1) Pay its chosen appraiser; and
- 2) Bear equally the other expenses of the appraisal and umpire.

A demand for APPRAISAL shall not relieve the ~~NAMED INSURED Insured~~ of its continuing obligation to comply with the terms and conditions of this Policy, including as provided under REQUIREMENTS IN CASE OF LOSS.

The Company will not be held to have waived any of its rights by any act relating to appraisal.

F. ARBITRATION

In the event the **Insured** and the **Company** are unable to agree on any matter concerning this Agreement, including but not limited to coverage issues, the dispute shall be resolved through arbitration, not litigation. Either party may issue a written demand for arbitration within 90 days of the event triggering the arbitration request. The **Insured** and the **Company** shall agree on the selection of an arbitrator. If they cannot agree within 30 days, either party shall select an arbitrator and the two arbitrators shall select a third arbitrator to constitute a panel. Each party will pay the attorneys' fees and expenses it incurs and share the expenses of the arbitrator(s) equally. The **Insured's** portion of the arbitrator's fee shall not accrue to or be payable by the **Company**.

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~~Both parties shall agree upon the location of the arbitration; if they cannot agree, the selected arbitrator shall determine the location. Local (State District Court) rules as to arbitration procedure and evidence will apply. The arbitrator's decision will be binding and that judgment may be entered in any court of competent jurisdiction. Any decision of the arbitrator(s) shall be non appealable and binding on all parties.~~

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~~F. SUIT AGAINST THE COMPANY~~

~~No suit, action or proceeding for the recovery of any claim will be sustained in any court of law or equity unless the following adjudication procedures are satisfied:~~

- ~~1) As a condition precedent to filing suit, the NAMED INSURED Insured has fully complied with all the provisions of this Policy, including providing Proof of Loss;~~
- ~~2) As a condition precedent to filing suit, the NAMED INSURED Insured must attend at least a one day mediation before a mutually agreeable mediator, unless this provision is waived by both NAMED INSURED Insured and the Company;~~
- ~~3) Any suit against the Company arising from a claim or loss must be filed within 12 months of the date the Company takes its final action with respect to the claim or loss.~~

~~If under the insurance laws of the jurisdiction in which the property is located, such 12 months' limitation is invalid, then any such legal action needs to be started within the shortest limit of time permitted by such laws.~~

5. SETTLEMENT OF CLAIMS

The amount of loss, except for ACCOUNTS RECEIVABLE coverage, for which the Company may be liable will be paid within 30 days after:

- A. Proof of loss as described in this Policy is received by the Company; and
- B. When a resolution of the amount of loss is made either by:

- 1) Written agreement between the NAMED INSURED Insured and the Company; or
- 2) The filing with the Company of an award as provided in the APPRAISAL provisions of this Section.

6. COLLECTION FROM OTHERS

The Company will not be liable for any loss to the extent that the NAMED INSURED Insured has collected such loss from others.

7. PARTIAL PAYMENT OF LOSS SETTLEMENT

In the event of a loss occurring which has been ascertained to be insured loss or damage under this Policy and determined by the Company's representatives to be in excess of the applicable Policy deductible, the Company will advance mutually agreed upon partial payment(s) on the insured loss or damage, subject to the Policy's provisions. To obtain said partial payments, the NAMED INSURED Insured will submit a signed and sworn Proof of Loss as described in this Policy, with adequate supporting documentation.

8. JURISDICTION

This Policy will be governed by United States of America Law. Any disputes arising hereunder will be exclusively subject to United States of America jurisdiction.

GENERAL PROVISIONS - SECTION E

1. ADDITIONAL INSURED INTERESTS/CERTIFICATES OF INSURANCE

Any certificate of insurance issued in connection with this Policy shall be issued solely as a matter of convenience or information for the addressee(s) or holder(s) of said certificate of insurance, except where any Additional Insured(s), Loss Payee(s) or Mortgagee(s) are named pursuant to the Special Provisions of said certificate of insurance. In the event any Additional Insured(s) or Loss Payee(s) are so named, this Policy shall be deemed to have been endorsed accordingly, subject to all other terms, conditions and exclusions stated herein.

2. CANCELLATION

This Policy may be:

- A. Cancelled at any time at the request of the NAMED INSURED Insured by surrendering this Policy to the Company or by giving written notice to the Company stating when such cancellation will take effect; or
- B. Cancelled by the Company by giving the NAMED INSURED Insured not less than:
 - 1) 90 days written notice of cancellation; or
 - 2) 10 days written notice of cancellation if the NAMED INSURED Insured fails to remit, when due, premium for this Policy; or

Return of any unearned premium will be calculated on the customary short rate basis if the NAMED INSURED Insured cancels and on a pro-rata basis if the Company cancels this Policy. Return of any unearned premium will be made by the Company as soon as practicable.

3. INSPECTIONS

The Company, at all reasonable times, will be permitted, but will not have the duty, to inspect INSURED PROPERTY.

The Company's:

- A. Right to make inspections;
- B. Making of inspections; or
- C. Analysis, advice or inspection report;

will not constitute an undertaking, on behalf of or for the benefit of the NAMED INSURED Insured or others, to determine or warrant that the INSURED PROPERTY is safe or healthful. This Company will have no liability to the NAMED INSURED Insured or any other person because of any inspection or failure to inspect.

When the Company is not providing jurisdictional inspections, the Owner/Operator has the responsibility to assure that jurisdictional inspections are performed as required, and to assure that required jurisdictional Operating Certificates are current for their pressure equipment.

4. MISREPRESENTATION AND FRAUD

This Policy will be void in entirety if, whether before or after a loss, ~~an Insured~~ NAMED INSURED has:

- A. Willfully concealed or misrepresented any material fact or circumstance concerning this insurance, the subject thereof, any insurance claim, or the interest of ~~an Insured~~ NAMED INSURED;
- B. Made any attempt to defraud the Company; or
- C. Made any false swearing.

5. LENDERS LOSS PAYEE AND MORTGAGEE INTERESTS AND OBLIGATIONS

- A. The Company will pay for loss to specified property insured under this Policy to each specified Lender Loss Payee (hereinafter referred to as Lender) as its interest may appear, and to each specified Mortgagee as its interest may appear, under all present or future mortgages upon such property, in order of precedence of the mortgages.
- B. The interest of the Lender or Mortgagee (as the case may be) in property insured under this Policy will not be invalidated by:
 - 1) Any act or neglect of the debtor, mortgagor, or owner (as the case may be) of the property.
 - 2) Foreclosure, notice of sale, or similar proceedings with respect to the property.
 - 3) Change in the title or ownership of the property.
 - 4) Change to a more hazardous occupancy.

The Lender or Mortgagee will notify the Company of any known change in ownership, occupancy, or hazard and, within 10 days of written request by the Company, may pay the increased premium associated with such known change. If the Lender or Mortgagee fails to pay the increased premium, all coverage under this Policy will cease.

- C. If this Policy is cancelled at the request of the NAMED INSURED ~~Insured~~ or its agent, the coverage for the interest of the Lender or Mortgagee will terminate 10 days after the Company sends to the Lender or Mortgagee written notice of cancellation, unless:
 - 1) Sooner terminated by authorization, consent, approval, acceptance, or ratification of the NAMED INSURED'S ~~Insured's~~ action by the Lender or Mortgagee, or its agent.
 - 2) This Policy is replaced by the NAMED INSURED ~~Insured~~, with a policy providing coverage for the interest of the Lender or Mortgagee, in which event coverage under this Policy with respect to such interest will terminate as of the effective date of the replacement policy, notwithstanding any other provision of this Policy.
- D. The Company may cancel this Policy and/or the interest of the Lender or Mortgagee under this Policy, by giving the Lender or Mortgagee written notice 90 days prior to the effective date of cancellation, if cancellation is for any reason other than non-payment. If the debtor, mortgagor, or owner has failed to

pay any premium due under this Policy, the Company may cancel this Policy for such non-payment, but will give the Lender or Mortgagee written notice 10 days prior to the effective date of cancellation. If the Lender or Mortgagee fails to pay the premium due by the specified cancellation date, all coverage under this Policy will cease.

- E. The Company has the right to invoke this Policy's SUSPENSION clause. The suspension of insurance will apply to the interest of the Lender or Mortgagee in any machine, vessel, or part of any machine or vessel, subject to the suspension. The Company will provide the Lender or Mortgagee at the last known address a copy of the suspension notice.
- F. If the Company pays the Lender or Mortgagee for any loss, and denies payment to the debtor, mortgagor or owner, the Company will, to the extent of the payment made to the Lender or Mortgagee be subrogated to the rights of the Lender or Mortgagee under all securities held as collateral to the debt or mortgage. No subrogation will impair the right of the Lender or Mortgagee to sue or recover the full amount of its claim. At its option, the Company may pay to the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest. In this event, all rights and securities will be assigned and transferred from the Lender or Mortgagee to the Company, and the remaining debt or mortgage will be paid to the Company.
- G. If the ~~NAMED INSURED Insured~~ fails to render proof of loss, the Lender or Mortgagee, upon notice of the ~~NAMED INSURED'S Insured's~~ failure to do so, will render proof of loss within 60 days of notice and will be subject to the provisions of this Policy relating to APPRAISAL, SETTLEMENT OF CLAIMS, and SUIT AGAINST THE COMPANY.
- H. Other provisions relating to the interests and obligations of the Lender or Mortgagee may be added to this Policy by agreement in writing.

6. OTHER INSURANCE

- A. If there is any other insurance that would apply in the absence of this Policy, this Policy will apply only after such insurance whether collectible or not.
- B. In no event will this Policy apply as contributing insurance.
- C. The ~~NAMED INSURED Insured~~ is permitted to have other insurance over any limits or sublimits of liability specified elsewhere in this Policy without prejudice to this Policy. The existence of any such insurance will not reduce any limit or sublimit of liability in this Policy. Any other insurance that would have provided primary coverage in the absence of this Policy will not be considered excess.
- D. The ~~NAMED INSURED Insured~~ is permitted to have other insurance for all, or any part, of any deductible in this Policy. The existence of such other insurance will not prejudice recovery under this Policy. If the limits of liability of such other insurance are greater than this Policy's applicable deductible, this Policy's insurance will apply only after such other insurance has been exhausted.
- E. If this Policy is deemed to contribute with other insurance, the limit of liability applicable at each INSURED PROPERTY, for purposes of such contribution with other insurers, will be the latest amount described in this Policy or the latest INSURED PROPERTY value on file with the Company.

7. POLICY MODIFICATION

This Policy contains all of the agreements between the ~~NAMED INSURED Insured~~ and the Company concerning this insurance. The ~~NAMED INSURED Insured~~ and the Company may request changes to this

Policy. This Policy can be changed only by endorsements issued by the Company and made a part of this Policy.

Notice to any agent or knowledge possessed by any agent or by any other person will not:

- A. Create a waiver, or change any part of this Policy; or
- B. Prevent the Company from asserting any rights under the provisions of this Policy.

8. REDUCTION BY LOSS

Claims paid under this Policy will not reduce its limit of liability, except claims paid will reduce any Policy Year Aggregate Limit of Liability.

9. SUSPENSION

On discovery of a dangerous condition, this Company may immediately suspend EQUIPMENT BREAKDOWN insurance on any machine, vessel or part thereof by giving written notice to the NAMED INSURED ~~Insured~~. The suspended insurance may be reinstated by the Company. Any unearned premium resulting from such suspension will be returned by the Company.

10. TITLES

The titles in this Policy are only for reference. The titles do not in any way affect the provisions of this Policy.

DEFINITIONS - SECTION F

1. Actual Cash Value: the amount it would cost to repair or replace INSURED PROPERTY, on the date of loss, with material of like kind and quality, with proper deduction for obsolescence and physical depreciation.

2. Convective Storm: means thunderstorms or a complex of thunderstorms with wind speeds greater than 58 mph as verified by the National Weather Service, and including but not limited to other resulting weather phenomena such as tornadoes categorized as F 1 or greater on the Enhanced Fujita Scale, or and hail and sleet, all regardless of any other cause or event arising from such Convective Storm.

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However, resulting loss from fire, lightning or Sprinkler Leakage will not be considered to be loss by Convective Storm within the terms and conditions of this Policy.

Further, Convective Storm does not mean or include any loss defined as Flood or Named Storm within the terms and conditions of this Policy.

2.3. Defined Peril: Earth Movement, explosion, falling aircraft, fire, Flood, hail, lightning, Named Storm, smoke, tornado, vehicle impact, wind-driven water, and windstorm.

3.4. Earthquake: a shaking or trembling of the earth that is tectonic or seismic in origin.

4.5. Earth Movement: any natural or man-made earth movement including, but not limited to Earthquake, landslide, subsidence or volcanic eruption regardless of any other cause or event contributing concurrently or in any other sequence of loss.

However, physical damage by fire, explosion, or sprinkler leakage resulting from **Earth Movement** will not be considered to be loss by **Earth Movement** within the terms and conditions of this Policy. All **Earth Movement** within a continuous 168 hour period will be considered a single **Earth Movement**; the beginning of such period shall be determined by the [NAMED INSURED](#)Insured.

5.6. Electronic Data and Media: all forms of data, converted data, electronically converted data and/or programs and/or applications and/or instructions and/or media vehicles employed.

6.7. Federal Emergency Management Agency: the federal agency under which the National Flood Insurance Program is administered.

7.8. Federal Insurance Administration: the federal entity within the **Federal Emergency Management Agency** that directly administers the National Flood Insurance Program (NFIP).

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

9.10. Flood:

- A. A general and temporary condition of partial or complete inundation of normally dry land areas from:
 - 1) **Flood**, or rising waters, waves, tide, or tidal water;
 - 2) the unusual and rapid accumulation or runoff of surface waters from any source; or,
 - 3) mudslide or mud flow caused by accumulation of water on or under the ground.
- B. the release of water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water, or the spray therefrom.

However, physical damage by fire, explosion or sprinkler leakage resulting from **Flood** is not considered to be loss by **Flood** within the terms and conditions of this Policy.

All flooding within a continuous 168 hour period will be considered a single **Flood**; the beginning of such period shall be determined by the [NAMED INSURED](#)Insured.

10.11. Flood Insurance Rate Map: the official map of a community on which the administrator has designated the special hazards area applicable to the community.

11.12. Gross Earnings:

- A. For manufacturing operations: the net sales value of production less the cost of all raw stock, materials and supplies used in such production; or
- B. For mercantile or non-manufacturing operations: the total net sales less cost of merchandise sold, materials and supplies consumed in the operations or services rendered by the [NAMED INSURED](#)Insured.

12.13. Historical Reproduction Cost: defined as the cost to repair, rebuild or replace with material of like, kind and quality compatible to those originally used, including the cost of skilled labor and/or authentic materials necessary to restore the [Property-INSURED PROPERTY](#) as nearly as possible to its original condition.

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13.14. Lease Interest: the excess rent paid for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the **NAMED INSURED'S Insured's** lease.

14.15. Mobile Equipment: equipment such as earthmovers, tractors, diggers, farm machinery, forklifts, heavy construction equipment, mobile medical equipment, etc., that, even when self-propelled, are not considered automobiles or **Vehicles**.

15.16. Named Storm: all loss or damage occurring during a period of 72 consecutive hours which is caused by or results from a storm or weather disturbance which is named as a Tropical Storm or Hurricane by the National Weather Service or any other recognized meteorological authority. Storm or weather disturbance includes all weather phenomenon associated with or occurring in conjunction with the storm or weather disturbance, including, but not limited to **Flood, Storm Surge**, wind driven rain, wind, hail, sleet, tornadoes, or lightning.

16.17. Net Lease Interest: that sum which placed at 3% interest rate compounded annually would equal the **Lease Interest** (less any amounts otherwise payable hereunder).

17.18. New Madrid Earthquake Zone (States and Applicable Counties / Parishes)

Arkansas	Arkansas, Ashley, Chicot, Clay, Cleburne, Cleveland, Craighead, Crittenden, Cross, Desha, Drew, Fulton, Grant, Greene, Independence, Izard, Jackson, Jefferson, Lawrence, Lee, Lincoln, Lonoke, Mississippi, Monroe, Phillips, Poinsett, Prairie, Pulaski, Randolph, Saline, Sharp, St. Francis, Stone, White, Woodruff
Illinois	Alexander, Calhoun, Crawford, Edwards, Franklin, Gallatin, Hamilton, Hardin, Jackson, Jasper, Jefferson, Jersey, Johnson, Lawrence, Madison, Marion, Massac, Monroe, Perry, Pike, Pope, Pulaski, Randolph, Richland, Saline, St. Clair, Union, Wabash, Washington, Wayne, White, Williamson
Indiana	Daviess, Gibson, Greene, Knox, Martin, Pike, Posey, Sullivan, Vanderburgh, Warrick
Kentucky	Ballard, Caldwell, Calloway, Carlisle, Crittenden, Fulton, Graves, Henderson, Hickman, Hopkins, Livingston, Lyon, Marshall, McCracken, Trigg, Union, Webster
Mississippi	Bolivar, Coahoma, De Soto, Marshall, Tate, Tunica
Missouri	Audrain, Bollinger, Boone, Butler, Callaway, Cape Girardeau, Carter, Cole, Dunklin, Franklin, Gasconade, Howell, Iron, Jefferson, Lincoln, Madison, Marion, Mississippi, Monroe, Montgomery, New Madrid, Oregon, Osage, Pemiscot, Perry, Pike, Ralls, Reynolds, Ripley, Scott, Shelby, St. Charles, St. Francois, St. Louis, St. Louis Independent City, St. Genevieve, Stoddard, Warren, Washington, Wayne
Tennessee	Carroll, Chester, Crockett, Dyer, Fayette, Gibson, Hardeman, Haywood, Henderson, Henry, Lake, Lauderdale, Madison, Obion, Shelby, Tipton, Weakley

18.19. Normal: the condition that would have existed had no physical loss or damage occurred.

19.20. Occurrence: any one loss, disaster, casualty or series of losses, disasters, or casualties, arising out of one event. When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, hail, volcanic eruption, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, the **NAMED INSURED Insured** may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than the first loss to the covered property occurs.

20.21. Ordinary Payroll: includes the **NAMED INSURED'S Insured's** payroll for all employees except officers, executives, department managers, and employees under contract. It is comprised of, but not

limited to, the payroll, benefits paid for the payroll, social security (FICA), union dues paid for the payroll, and workers compensation paid for the payroll.

21.22. Pacific Northwest Earthquake Zone (States and Applicable Counties / Parishes):

Washington	Clallam, Jefferson, King, Kitsap, Mason, Pierce, San Juan, Skagit, Snohomish, Thurston, Whatcom
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22.23. Period of Service Interruption:

- A. The period starting with the time when an interruption of specified services occurs; and ending when with due diligence and dispatch the service could be wholly restored and the INSURED PROPERTY receiving the service could or would have resumed **Normal** operations following the restorations of service under the same or equivalent physical and operating conditions as provided by the PERIOD OF LIABILITY provision of this Section of this Policy.
- B. Is limited to only those hours during which the ~~NAMED INSURED Insured~~ would or could have used services(s) if it had been available.
- C. Does not extend to include the interruption of operations caused by any reason other than interruption of the specified service(s).

23.24. Pollutant shall be any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, vaccines and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

24.25. Soft Costs:

- A. Interest expense;
- B. General overhead-developer expenses and additional real estate taxes;
- C. Legal or professional fees;
- D. Marketing expenses and advertising expenses;
- E. Debt service payments and insurance premiums;
- F. Refinancing charges and bond interest;
- G. Founders fees and miscellaneous operating expenses.

25.26. Special Flood Hazard Area: the areas of a **Flood Insurance Rate Map** which are identified as Zones A, AO, AH, AI — A30, AE, A99, AR, AR/A, AR/AE, AR/A1 — A30, AR/AH, AR/A0, V, V1-V30, and VE. For purposes of determining which areas qualify as **Special Flood Hazard Areas** as specified above, only those **Flood Insurance Rate Maps** which were in effect at the time of the **Flood** loss shall apply.

26.27. Storm Surge: water driven inland from coastal waters by high winds and low atmospheric pressure. **Storm Surge** shall not be considered **Flood**.

27.28. Terrorism: an act or series of acts, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public or any section of the public in fear for such purposes. **Terrorism** shall also include any act which is verified or recognized by the United States Government as an act of **Terrorism**.

28-29. Tier One Counties: shall mean counties in **Named Storm** Designated Wind Areas (States and Applicable Counties/Parishes)

Alabama	Baldwin, Mobile
Florida	Entire State
Georgia	Bryan, Camden, Chatham, Glynn, Liberty, McIntosh
Hawaii	Entire State
Louisiana	Ascension, Assumption, Calcasieu, Cameron, Iberia, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington
Mississippi	Hancock, Harrison, Jackson
North Carolina	Beaufort, Brunswick, Carteret, Craven, Currituck, Dare, Hyde, New Hanover, Onslow, Pamlico, Pender
South Carolina	Beaufort, Berkeley, Charleston, Colleton, Georgetown, Horry, Jasper
Texas	Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Refugio, San Patricio, Willacy Note: for the purposes of this definition exposures declared by Harris County CSCD shall not be considered Tier 1 or Tier 2
Virginia	Including Independent Cities: Accomack, Northampton, Virginia Beach City, Chesapeake, Gloucester, Hampton City, Lancaster, Mathews, Middlesex, Newport News, Norfolk City, Northumberland, Poquoson City, Portsmouth City, Suffolk City, York

29-30. Tier Two Counties: counties in **Named Storm** Designated Wind Areas (States and Applicable Counties/Parishes)

Alabama	Clarke, Covington, Escambia, Monroe, Washington
Georgia	Brantley, Bulloch, Charlton, Effingham, Evans, Long, Pierce, Tattnall, Wayne
Louisiana	Acadia, Beauregard, Iberville, Jefferson Davis, Lafayette
Mississippi	George, Pearl River, Stone
North Carolina	Bertie, Bladen, Camden, Chowan, Columbus, Duplin, Gates, Hertford, Jones, Lenoir, Martin, Pasquotank, Perquimans, Pitt, Sampson, Tyrell, Washington
South Carolina	Dorchester, Hampton, Marion, Williamsburg
Texas	Bee, Brooks, Fort Bend, Goliad, Hardin, Hidalgo, Jackson, Jasper, Jim Wells, Liberty, Live Oak, Orange, Victoria, Wharton

30-31. Unmanned Aircraft System: an unmanned aircraft and the equipment necessary for the safe and efficient operation of that aircraft. An unmanned aircraft is a component of an **Unmanned Aircraft System**. An unmanned aircraft is an aircraft that is operated without the possibility of direct human intervention from within or on the aircraft.

31-32. Vacant: a building is vacant if less than 10% of the total square footage owned, rented, or leased by the ~~NAMED INSURED Insured~~ contains ~~in~~adequate contents to perform customary operations, excluding common areas such as lobbies and garages. Buildings under construction or renovation shall not be considered vacant.

32-33. Valuable Papers and Records: written, printed or otherwise inscribed documents, securities, and records including but not limited to books, maps, films, drawings, abstracts, evidence of debt, deeds, mortgages, mortgage files, manuscripts and micro or electronically/magnetically inscribed documents, but not including the monetary value of monies and/or securities.

33.34. **Vehicle:** any automobile, truck, van, bus, motorcycle, or other conveyance licensed for use on public roads.

34.35. **Waiting Period:** the time period where the Company shall have no liability for the Time Element loss when the PERIOD OF LIABILITY applicable to all Time Element loss is equal to or less than such time period. If, however, the PERIOD OF LIABILITY exceeds such time period then the Company's liability for the Time Element loss shall otherwise apply and the PERIOD OF LIABILITY shall be measured from the inception of the **Occurrence** for which loss is being claimed. The applicable deductible shall then apply.

POLICY CHANGE ENDORSEMENT – **Equipment Breakdown – 4 Pages**

When an applicable limit for Equipment Breakdown is shown in the LIMITS OF LIABILITY clause of the DECLARATIONS Section, this endorsement's intention is to clarify that the peril of **Breakdown** is included for **Covered Equipment**.

1. Limit of Liability:

The most the Company will pay for any and all coverages for loss or damage from any **One Breakdown** is the applicable Limit of Insurance shown for Equipment Breakdown in the LIMITS OF LIABILITY clause of the DECLARATIONS Section.

2. Equipment Breakdown Coverage Extensions:

The limits for coverage extensions are part of, not in addition to, the Limit of Liability for Equipment Breakdown shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section.

A. Spoilage:

- 1) This Policy covers the spoilage damage to raw materials, property in process or finished products, provided all of the following conditions are met:
 - a) The raw materials, property in process or finished products must be in storage or in the course of being manufactured;
 - b) The NAMED INSURED Insured must own or be legally liable under written contract for the raw materials, property in process or finished products; and
 - c) The spoilage damage must be due to the lack or excess of power, light, heat, steam or refrigeration.
- 2) This Policy also covers any necessary expenses the NAMED INSURED Insured incurs to reduce the amount of loss under this coverage. The Company will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage form.

B. Service Interruption:

This Policy covers loss resulting from the interruption of utility services provided all of the following conditions are met:

- 1) The interruption is the direct result of a **Breakdown to Covered Equipment** owned, operated or controlled by the local private or public utility or distributor that directly generates, transmits, distributes or provides utility services which the NAMED INSURED Insured receives;
- 2) The **Covered Equipment** is used to supply electricity, telecommunication services, air conditioning, heating, gas, fuel, sewer, water, refrigeration, or steam to the NAMED INSURED'S Insured's premises; and
- 3) The **Period of Service Interruption** lasts at least the consecutive period of time shown in item 9. **Waiting Period**. Once this **Waiting Period** is met, coverage will commence at the initial time of the interruption and will be subject to all applicable deductibles.

C. Business Income:

- 1) This Policy covers the NAMED INSURED'S Insured's actual loss of business income that results directly from the necessary total or partial interruption of the NAMED INSURED'S Insured's business caused by a **Breakdown**.
- 2) This Policy also covers any necessary expenses the NAMED INSURED Insured incurs to reduce the amount of loss under this coverage. The Company will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- 3) The Company will consider the actual experience of the NAMED INSURED'S Insured's business before the accident and the probable experience the NAMED INSURED Insured would have had without the accident in determining the amount of its payment.
- 4) This coverage continues until the date the damaged property is repaired or replaced.

D. Expediting Expense:

This Policy covers the reasonable and necessary costs incurred to pay for the temporary repair of insured damage to **Covered Equipment** and to expedite the permanent repair or replacement of such damaged property caused by a **Breakdown**.

This coverage extension does not cover costs:

- 1) Recoverable elsewhere in this Policy; or
- 2) Of permanent repair or replacement of damaged property.

E. Hazardous Substance:

This Policy covers any additional expenses incurred by the NAMED INSURED Insured for the clean-up, repair or replacement or disposal of **Covered Equipment** that is damaged, contaminated or polluted by a **Hazardous Substance** caused by a **Breakdown**.

As used here, additional expenses mean the additional cost incurred over and above the amount that the Company would have paid had no **Hazardous Substance** been involved with the loss.

F. Ammonia Contamination:

This Policy covers the spoilage to **Covered Equipment** contaminated by ammonia, including any salvage expense caused by a **Breakdown**.

G. Water Damage:

This Policy covers the damage to **Covered Equipment** by water including any salvage expenses caused by a **Breakdown**, except no coverage applies to such damage resulting from leakage of a sprinkler system or domestic water piping.

H. Consequential Loss:

The Policy covers the reduction in the value of undamaged **Stock** parts of a product which becomes unmarketable. The reduction in value must be caused by a physical loss or damage to another part of the product.

I. **Electronic Data and Media:**

The Policy covers the ~~NAMED INSURED'S Insured's~~ cost to research, replace or restore damaged **Electronic Data and Media** including the cost to reprogram instructions used in any computer equipment if the loss is caused by a **Breakdown**.

J. CFC Refrigerants:

This Policy covers the additional cost to repair or replace **Covered Equipment** because of the use or presence of a refrigerant containing CFC (chlorinated fluorocarbon) substances if the loss is caused by a **Breakdown**. This means the additional expense to do the least expensive of the following:

- 1) Repair the damaged property and replace any lost CFC refrigerant;
- 2) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
- 3) Replace the system with one using a non-CFC refrigerant.

K. **Computer Equipment:**

This Policy covers direct damage to **Computer Equipment** that is damaged by a **Breakdown** to such equipment

3. Definitions relating only to this endorsement:

A. **Breakdown** means the direct physical loss resulting from one or more of the following items that causes damage to **Covered Equipment** and necessitates its repair or replacement:

- 1) Failure of pressure or vacuum equipment;
- 2) Mechanical failure including rupture or bursting caused by centrifugal force;
- 3) Electrical failure including arcing;
- 4) Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
- 5) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
- 6) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

Unless such loss or damage is otherwise excluded within the Policy.

Breakdown does not mean or include:

- 1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;

- 2) Defects, erasures, errors, limitations or viruses in computer equipment and programs including the inability to recognize and process any date or time or provide instructions to **Covered Equipment**;
- 3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- 4) Damage to any vacuum tube, gas tube, or brush;
- 5) Damage to any structure or foundation supporting the **Covered Equipment** or any of its parts;
- 6) The functioning of any safety or protective device; or
- 7) The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.

B. Covered Equipment is defined as

- 1) Equipment built to operate under internal pressure or vacuum other than weight of contents;
- 2) Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy; and
- 3) Communication equipment, and computer equipment.

Covered Equipment does not mean or include any:

- 1) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- 2) Insulating or refractory material, but not excluding the glass lining of any **Covered Equipment**;
- 3) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or another appropriate and approved code;
- 4) Catalyst;
- 5) Vessels, piping and other equipment that is buried below ground and requires the excavation of materials to inspect, remove, repair or replace;
- 6) Structure, foundation, cabinet or compartment supporting or containing the **Covered Equipment** or part of the **Covered Equipment** including penstock, draft tube or well casing;
- 7) **Vehicle**, aircraft, self-propelled equipment or floating vessel including any **Covered Equipment** that is mounted upon or used solely with anyone or more vehicle(s), aircraft, self-propelled equipment or floating vessel;
- 8) Dragline, excavation, or construction equipment including any **Covered Equipment** that is mounted upon or used solely with any one or more dragline(s), excavation, or construction equipment;
- 9) Felt, wire screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement; or

10) Equipment or any part of such equipment manufactured by the [NAMED INSURED Insured](#) for sale.

11) Power and gas generation utility equipment.

- C. **Hazardous Substance:** any substance other than ammonia that has been declared to be hazardous to health by a government agency. Ammonia is not considered to be a Hazardous Substance as respects this limitation.
- D. **One Breakdown:** if an initial **Breakdown** causes other **Breakdowns**, all will be considered **One Breakdown**. All **Breakdowns** at any one premises that manifest themselves at the same time and are the direct result of the same cause will be considered **One Breakdown**.
- E. **Computer Equipment:** covered property that is electronic computer or other electronic data processing equipment, including media and peripherals used in conjunction with such equipment.
- F. **Stock:** means merchandise held in storage or for sale, raw materials, property in process or finished products including supplies used in their packing or shipping.

[All other terms and conditions of the Policy remain the same.](#)

POLICY CHANGE ENDORSEMENT - Upgrade to Green – 5 Pages

It is hereby agreed that the following coverage is added to this Policy.

The coverages and valuation provision provided by this endorsement only apply if direct physical loss or damage to covered real and/or personal property is caused by any of the perils covered by the Policy and replacement cost valuation applies. This coverage does not apply to: (1) personal property of others in the NAMED INSURED'S Insured's care, custody, and control, (2) leased personal property, and/or (3) finished or unfinished stock.

1. Notwithstanding the VALUATION or LIMITS OF LIABILITY clauses applicable to specific INSURED PROPERTY or perils, if replacement cost valuation applies to real and/or personal property, then the Company's liability for loss applicable to this endorsement shall be the cost to repair or replace the covered damaged property, subject to the applicable limit of liability, plus the least of the following amounts:
 - A. The reasonable and necessary amount to upgrade to green the covered damaged property as described in Coverage Section A - Non-LEED® Certified Coverage *or* as described in Coverage Section B - LEED® Certified Coverage, whichever is applicable; *or*
 - B. An additional 25% of the applicable limit of liability for the building and/or business personal property shown in the Statement of Values or similar schedule to upgrade to green; *or*
 - C. \$100,000 to upgrade to green.

At the NAMED INSURED'S Insured's sole discretion, the NAMED INSURED Insured may elect not to upgrade to green any or all property for which upgrade to green coverage is provided under this endorsement. In such case, the Company will adjust the claim in accordance with the standard provisions of the Policy, as modified by all other applicable endorsements.

Subject to the least of A., B., or C. above, if business interruption coverage is provided as part of this Policy, if necessary, the Period of Restoration shall be increased to allow for additional time to upgrade to green the damaged property plus up to an additional two week period to meet the requirements set forth in 4.B.

2. COVERAGE SECTION A: NON-LEED CERTIFIED COVERAGE

In the event of direct physical loss or damage by any of the perils covered by the Policy to a building that is not LEED certified at the time of the loss, or to the personal property within such a building, the Company will pay to repair or replace damaged or destroyed:

- A. **Loss Settlement for Personal Property**
 - (1) "Appliances" or "Office Equipment" with products of like kind and quality that have been identified as "ENERGY STAR®" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.
 - (2) "Systems Furniture" or "Seating", with products of like kind and quality that are certified as GREENGUARD Indoor Air Quality Certified® or products with similar emissions characteristics. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

B. Loss Settlement for Your Building

i. Interior Finish Materials Upgrade

a. Lower Emissions Products Upgrade Coverage

"Defined Building Materials" with products of like kind and quality that have "Lower Emissions". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

b. Environmentally Preferable Products Upgrade Coverage

Interior wood, carpeting and flooring with products of like kind and quality that have "Lower Emissions", are "Sustainably Produced", are "Rapidly Renewable" or include "Recycled Content". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

ii. Interior Plumbing Systems Upgrade Coverage

Interior plumbing fixtures including, but not limited to, toilets, shower heads and lavatory faucets with products of like kind and quality that are more "Water Efficient". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply. For damaged or destroyed faucets, the Company will also pay to install occupant sensors to reduce the potable water demand.

iii. Lighting Systems Upgrade Coverage

Lighting systems, with products of like kind and quality that have been identified as "ENERGY STAR" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply. The Company will also pay to repair or replace damaged light bulbs with light bulbs which have low mercury content.

iv. Efficient Heating and Cooling Equipment Upgrade Coverage

"Heating and cooling equipment" with products of like kind and quality that have been identified as "ENERGY STAR" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

v. Building Reconstruction Following Total Loss

a. Solely with respect to a "Total Loss" to a building, the Company will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that should satisfy the prerequisites and earn the minimum number of points required to qualify for LEED Silver certification using the LEED New Construction (LEED NC®) Rating System.

b. Certification Expenses

(i) The Company will pay the reasonable and necessary registration and certification fees charged by the United States Green Building Council (USGBC) that the [NAMED INSURED](#) ~~Insured~~ incurs should the [NAMED INSURED](#) ~~Insured~~ decide to seek LEED Silver certification. However, the Company will not pay to modify the reconstructed structure if it is not certified.

- (ii) The Sublimit of Insurance for this coverage is \$25,000.

3. **COVERAGE SECTION B: LEED CERTIFIED COVERAGE**

In addition to all Coverages provided in Coverage Section A (with the exception of 2.B.(5) Building Reconstruction Following a Total Loss) and in the event of direct physical loss or damage by any of the perils covered by the Policy to a building that is LEED certified at the time of the loss, or to the personal property within such building, the Company will pay to repair or replace damaged or destroyed:

A. Loss Settlement for Trees, Shrubs, and Vegetative Roofs

- (1) Trees and shrubs planted specifically to secure the Heat Island Effect: Non-Roof point as described in LEED NC. For the purposes of this coverage only, notwithstanding any other provision of the Policy to the contrary, trees and shrubs are Covered Property. The sublimit of insurance for this coverage is \$3,000 per tree or \$3,000 per shrub up to a maximum of \$25,000.
- (2) Vegetative roofs on LEED certified buildings. Notwithstanding any other provision of the Policy to the contrary, vegetative roofs are Covered Property.

B. Loss Settlement for Your Building

i. Recertification Expenses

- a. In the event of direct physical loss or damage by any of the perils covered by the Policy that necessitates recertification of the damaged building, the Company will pay the reasonable and necessary registration and certification fees charged by the USGBC that the [NAMED INSURED Insured](#) incurs as a result of the recertification process.
- b. The Sublimit of Insurance for this coverage is \$25,000.

ii. Building Reconstruction Following Total Loss

- a. Solely with respect to a "Total Loss" to a building that is LEED certified at the time of the loss, the Company will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that would satisfy the prerequisites and should earn the minimum number of points required to qualify for LEED certification at one level above the certification in effect at the time of the loss using the LEED NC Rating System.
- b. **Certification Expenses**
 - The Company will pay the reasonable and necessary registration and certification fees charged by the USGBC that the [NAMED INSURED Insured](#) incurs should the [NAMED INSURED Insured](#) decide to seek LEED certification. However, the Company will not pay to modify the reconstructed structure if it is not certified.
 - The Sublimit of Insurance for this coverage is \$25,000.

4. COVERAGES INCLUDED WITHIN COVERAGE SECTIONS A OR B AND APPLICABLE TO LEED® AND NON-LEED® CERTIFIED BUILDINGS

In the event of direct physical loss or damage by any of the perils covered by the Policy to a LEED or Non-LEED certified building:

A. Recycling Expenses

- i. The Company will pay the ~~NAMED INSURED'S Insured's~~ expenses to clean-up, sort, segregate, and transport debris from the ~~NAMED INSURED'S Insured's~~ damaged building to recycling facilities, if such debris can be recycled.
- ii. The Sublimit of Insurance for this coverage is \$25,000 and is in addition to the DEBRIS REMOVAL expense sublimit provided by the Policy, if any.
- iii. Any income or remuneration derived from this recycling shall be used to reduce the loss.

B. Air Testing and Outdoor Air Ventilation of the Reconstructed Space

- i. In accordance with the requirements for the Construction IAQ Management Plan: Before Occupancy Credit as described in the LEED NC rating system (hereinafter, "Construction IAQ"), the Company will pay to conduct air testing and a building flush-out (if required because of a failure to meet air quality standards set forth in the Construction IAQ) and follow-up air testing for a total period of time not to exceed two weeks.
- ii. After the two week period of increased outdoor air ventilation of the reconstructed space, the Company will pay to replace the filtration media with new media.
- iii. The Sublimit of Insurance for this coverage is \$25,000.

C. Professional Services

The Company will pay reasonable and necessary expenses to hire a LEED Accredited architect or engineer to participate in the design and/or construction administration of the damaged portion of the building or the entire building, whichever is applicable.

The Sublimit for this coverage is \$50,000.

D. Building Commissioning Expenses

- i. In the event of direct physical loss or damage to mechanical, electrical, or electronic building systems, by any of the perils covered by the Policy which necessitates the commissioning or re-commissioning of those systems, the Company will pay reasonable and necessary expenses of a Professional Engineer to commission or re-commission those damaged systems in accordance with LEED protocols.
- ii. The Sublimit of Insurance for this coverage is \$25,000.

5. Additional Definitions

- A. "Appliances" means products including, but not limited to, dishwashers, refrigerators, freezers, ovens, microwave ovens, room air conditioners, room air cleaners and water heaters.
- B. "Defined Building Materials" means: (1) all carpet and floor coverings, including, adhesives to affix them to the floor, (2) all interior paints, architectural coatings, primers, undercoatings, adhesives, sealants, and (3) permanently installed composite wood fixtures, including, counters, cabinets, and partitions.
- C. "ENERGY STAR" means any product that has been identified by the United States Government Department of Energy, Environmental Protection Agency as ENERGY STAR qualified at the time of the loss.
- D. "Heating and Cooling Equipment" means products including, but not limited to, heat pumps, boilers, central air conditioning, ceiling fans, dehumidifiers, exhaust fans, furnaces, thermostats, and ventilating fans.
- E. "Lower emissions" means:
 - i. With respect to adhesive and sealant products, such as, general construction adhesives, flooring adhesives, fire-stopping sealants, caulking, duct sealants, plumbing adhesives, and cove base adhesives, products that meet the requirements of South Coast Air Quality Management District (SCAQMD) Rule # 1168; with respect to aerosol adhesives, products that meet Green Seal Standard GS-36 requirements;
 - ii. With respect to architectural paints, coatings, and primers, products that do not exceed the volatile organic compound (VOC) content limits established in Green Seal Standard GS-11, with respect to anti-corrosive and anti-rust paints, products that do not exceed the VOC content limits established in Green Seal Standard GS-03; and with respect to clear wood finishes, floor coatings, stains, and shellacs, products that do not exceed the VOC content limits established by SCAQMD Rule #1113;
 - iii. With respect to carpet and carpet cushion, products that meet the requirements of the Carpet and Rug Institute's Green Label Plus Program; and
 - iv. With respect to composite wood and agrifiber products such as particleboard, medium density fiberboard (MDF), plywood, wheatboard, strawboard, panel substrates and door cores as well as laminating adhesives used to fabricate on-site and shop-applied composite wood and agrifiber assemblies, products that contain no added urea- formaldehyde resins.
- F. "Office Equipment" means electronic products including, but not limited to, desktop computers, laptop computers, monitors, printers, fax machines, scanners, copiers, and telephones.
- G. "Recycled Content" means those products that contain at least 20% post-consumer recycled content.

- H.** "Rapidly Renewable" means products that are made from plant resources that are harvested within a ten-year cycle or shorter, including, but not limited to, bamboo, eucalyptus, wheat straw, sunflower hulls, cork oak, wheatboard, linoleum, and sorghum.
- I.** "Seating" means task and guest chairs used with "System Furniture".
- J.** "Sustainably Produced" means those products certified by the Forest Stewardship Council ("FSC").
- K.** "System Furniture" means either a panel-based workstation comprised of modular interconnecting panels, hang-on components and drawer/filing components of a freestanding grouping of furniture items and their components that have been designed to work in concert.
- L.** "Total Loss" means:
 - i.** The covered building is completely destroyed regardless of whether any damage is done to the foundation or slab, or
 - ii.** The covered building is in such condition after the loss that the standard method of rebuilding or repairing the covered building is to raze the structure except for the foundation or slab or including all or part of the foundation or slab and rebuild the entire structure, whether such structure is actually rebuilt or not.
- M.** "Water Efficient" means dry fixtures such as composting toilet systems and non-water using urinals, flush toilets using no more than 1.6 gallons of water per flush, and shower heads and faucets with a flow rate of no more than 2.2 gallons per minute.

| All other terms and conditions [of the Policy](#) remain ~~the same~~[unchanged](#).

POLICY CHANGE ENDORSEMENT – Communicable Disease Exclusion – 1 Page

This endorsement modifies insurance provided by this Policy:

1. Notwithstanding any other provision of this Policy to the contrary, the Company excludes 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 other sequence thereto.
2. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 2.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 - 2.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - 2.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.

All other terms and conditions of the Policy remain the same.

SCHEDULE A

Bernalillo	County Manager	One Civic Plaza NW, 10th Floor	Albuquerque, NM 87102
Catron	County Manager	PO Box 507	Reserve, NM 87830
Chaves	County Manager	#1 St. Mary's Place	Roswell, NM 88203
Cibola	County Manager	515 W High St.	Grants, NM 87020
Colfax	County Manager	230 N Third St.	Raton, NM 87740
Curry	County Manager	417 Gidding Street, Suite #100	Clovis, NM 88101
De Baca	County Manager	248 E. Avenue C/PO Box 347	Fort Sumner, NM 88119
Dona Ana	County Manager	845 N. Motel Blvd.	Las Cruces, NM 88007
Eddy	County Manager	101 W Greene St., Suite 110	Carlsbad, NM 88220
Grant	County Manager	PO Box 898	Silver City, NM 88062
Guadalupe	County Manager	130 S 4th Street	Santa Rosa, NM 88435
Harding	County Manager	35 Pine St.	Mosquero, NM 87733
Hidalgo	County Manager	305 Pyramid St.	Lordsburg, NM 88045
Lincoln	County Manager	PO Box 711	Carrizozo , NM 88301
Luna	County Manager	PO Drawer 551	Deming, NM 88030
McKinley	County Manager	PO Box 70	Gallup, NM 87301
Mora	County Manager	PO Box 580	Mora, NM 87732
Otero	County Manager	1101 New York Ave.	Alamogordo, NM 88310
Quay	County Manager	PO Box 1246	Tucumcari, NM 87401
Roosevelt	County Manager	109 W First St.	Portales, NM 88130
San Miguel	County Manager	500 W National Ave., Ste. 200	Las Vegas, NM 87701
Sandoval	County Manager	PO Box 40	Bernalillo, NM 87004
Santa Fe	County Manager	102 Grant Ave.	Santa Fe, NM 87501
Sierra	County Manager	855 Van Patten	T or C, NM 87901
Socorro	County Manager	PO Box I	Socorro, NM 87801
Taos	County Manager	105 Albright St., Ste. G	Taos, NM 87571
Torrance	County Manager	PO Box 48	Estancia, NM 87016
Union	County Manager	PO Box 430	Clayton, NM 88415
Valencia	County Manager	PO Box 1119	Los Lunas, NM 87031

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 8.A.	<u>Item Title:</u> Discuss Coverage for County JPA Entities
<u>Presenter (s):</u> Mark Allen, General Counsel	



Memorandum

Date: January 10, 2026
To: NMCIA Board
From: Mark Allen, General Counsel
Re: Providing Coverage for JPA Created Entities

Background

NMCIA pool coverage requests have been made by county members for two JPA created entities---the County Livestock Loss Authority created by Catron, Sierra and Socorro counties, and the Opioid Remediation Collaborative created by Catron, Cibola, Guadalupe, Hidalgo, Sierra, Socorro, and Valencia counties. This raises the question of whether JPA created entities are eligible for pool coverage and, if so, the process for granting such coverage.

The Joint Powers Agreement Act, NMSA 1978, §§ 11-1-1 to -7, allows two or more public agencies to create a separate administering agency to jointly exercise a common power, subject to the restrictions imposed by the agreement and the approval of DFA. The agency created by the JPA is an entity separate and apart from the parties creating it. NMSA 1978, § 11-1-5. As such, it is liable for its own actions and obligations. *See Martinez v. Romero*, No. CIV-11-785 ACT/WDS, 2011 WL 13277776, at *3 (D.N.M. Dec. 29, 2011). Hence, the need for insurance or coverage in a pool.

NMCIA JPA & Bylaws

Both the JPA and the Bylaws state that only New Mexico counties can be members of NMCIA. *See* JPA Section II(I), Bylaws Section III(A). Thus, only members are entitled to representation, governance and ownership of the pool.

The definition section of the JPA, however, defines “participant” as “[t]hose non-county political subdivisions and local public bodies **approved by the Board to participate in the self-insurance pool created by this Agreement.**” (Emphasis added.) Article VII(C) states that “[t]he Board may approve non-county political subdivisions and local public bodies as *participants* in the self-insurance pool created by this Agreement, and (D) provides that “the Board shall have the power to levy contributions approved by the Board upon Members and other *participants* in such amounts as determined by the Board.” (Emphasis added.)

The Bylaws definition section utilizes the same definition of “participant” as the JPA and states that the Board may approve requests for participation by a two-thirds vote of the entire Board, and participation is limited to those that demonstrate compliance with Section III(B). Namely, its admission will not detrimentally affect the financial status of the Authority or the contribution rates of other members, has agreed to accept the contractual obligations of members, pay the required sums, and execute a copy of the JPA. While referenced in the section allowing non-member participation, Section III(B) was not modified to deal with participants and their exclusion from membership. By their exclusion from membership, participants cannot comply with Section III(B). Even in the absence of this conflicting language, the question arises as to whether this participation arrangement is permissible under the enabling statutes allowing pooling of self-insured reserves.

Enabling Statutes NMSA 1978, § 3-62-1 and 3-62-2

In combination, these statutes allow local governments or public bodies to obtain insurance through self-insurance, purchasing insurance, or pooling self-insured reserves with two or more local governments or public bodies or any combination of the foregoing. Section 3-62-2 specifies that “pooling of self-insured reserves, claims or losses among subdivisions or bodies . . . shall not be construed to be transacting insurance or otherwise subject to the provisions of the laws of this state regulating insurance or insurance companies.” “Most authorities agree that self-insurance is not insurance.” *Cordova v. Wolfel*, 1995-NMSC-061, ¶ 8.

Here, the non-member “participant” is not pooling its self-insured reserves but rather paying a contribution/premium for coverage subject to a deductible. By paying the premiums, the participant shifts its risk to the pool. The only risk the participant retains is the loss of its deductible. Simply put, this is an insurance contract. *See Cordova*, at ¶ 8 (“[i]nsurance is a contract whereby for consideration one party agrees to indemnify or guarantee another party against specified risks.”) As such, this arrangement exceeds the authority granted by the enabling statutes and creates an insurance contract subject to the laws regulating insurance. As stated by the Association of Governmental Risk Pools (“AGRiP”) “Pools work because every member has skin in the game and a voice at the table. Quite simply, pools are member-owned, member-governed, and member-driven.” <https://www.agrip.org/advocacy/pr-toolkit>.

NMCIA Coverage Agreement

Note: The coverage agreement has not been modified to cover “participants” vs “members.”

Conclusion

As currently written, the participation arrangement set forth in the NMCIA JPA and Bylaws exceeds the authority granted by the enabling statutes allowing pooling and creates an insurance contract subject to the laws regulating insurance. No other language exists in either the JPA or Bylaws regarding the process for admitting non-county political subdivisions and public bodies.

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 9.A.	<u>Item Title:</u> 2025 Board Meeting and Retreat Location Options, Format
<u>Presenter (s):</u> Cynthia Stephenson, Risk Management Specialist	

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 10.	<u>Item Title:</u> Other Business
<u>Presenter (s):</u> Lance Pyle, Chair	

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> <p style="text-align: center;">11.</p>	<u>Item Title:</u> Adjournment
<u>Presenter (s):</u> Lance Pyle, Chair	
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Motion to adjourn by:</p> <p>Adjournment time:</p> </div> <div style="width: 45%;"> <p>Seconded by:</p> </div> </div>	