



North Carolina Office of State Fire Marshal
STATE PROPERTY FIRE INSURANCE FUND

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DECLARATIONS – SECTION A

1. TERRITORY

This Policy covers insured locations in the United States of America.

2. INSURED LOCATION

A. The coverages under this Policy apply to an Insured Location unless otherwise provided.

Insured Location is a location:

- 1) listed on a schedule on file with the “The Fund” at the annual renewal date, and as may be amended during the policy term by the Insured as supplied to the “The Fund”;
- 2) covered as a Miscellaneous Unnamed Location (Real & Business Personal Property);
- 3) covered under the terms and conditions of the Automatic Coverage or Errors and Omissions provisions.

B. References and Application. The following term(s) wherever used in this Policy means:

- 1) Location:
 - a) each line item in the schedule of locations; or
 - b) if not so specified or if a Miscellaneous Unnamed Location, a building, contents, yard or any group of the foregoing, bounded on all sides by public streets, clear land space or open waterways, each not less than fifty feet wide. Any bridge or tunnel crossing such street, space or waterway will render such separation inoperative for the purpose of this References and Application.

3. CURRENCY

All amounts, including premiums, deductibles and limits of liability, indicated in this Policy are in the currency of the United States of America. Losses will be adjusted and paid as provided in the CURRENCY FOR LOSS PAYMENT clause of the LOSS ADJUSTMENT AND SETTLEMENT section.

4. OCCURRENCE

The following term wherever used in this Policy means:

A. Occurrence:

The sum total of all direct physical loss or damage of the type insured, including any insured TIME ELEMENT loss, arising out of or caused by one discrete event of direct physical loss or damage, except as respects the following:

- 1) Earth Movement: Occurrence shall mean the sum total of all direct physical loss or damage of the type insured, including any insured TIME ELEMENT loss, arising out of or caused by all Earth Movement(s) during a continuous period of seventy-two (72) hours.
- 2) Flood: Occurrence shall mean the sum total of all direct physical loss or damage of the type insured, including any insured TIME ELEMENT loss, arising out of or caused by all Flood(s) during a continuous period of seventy-two (72) hours.
- 3) Wind & Hail: Occurrence shall mean the sum total of all direct physical loss or damage of the type insured, including any insured TIME ELEMENT loss, arising out of or caused by all Wind & Hail(s) during a continuous period of seventy-two (72) hours.
- 4) Named Storm: Occurrence shall mean the sum total of all direct physical loss or damage of the type insured, including any insured TIME ELEMENT loss, arising out of or caused by all Named Storm(s) during a continuous period of seventy-two (72) hours.



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5. LIMITS OF LIABILITY

“The Fund’s” maximum limit of liability in an Occurrence, including any insured TIME ELEMENT loss, will not exceed the Policy limit of liability of total insurable values policy limit as shown on the declarations page of this policy subject to the Insurer’s Participation stated above and subject to the following provisions:

- A. Limits of liability and time limits stated below or elsewhere in this Policy are part of, and not in addition to, the Policy limit of liability.
- B. Limits of liability in an Occurrence apply to the total direct physical loss or damage at all Locations and for all coverages involved, including any insured TIME ELEMENT loss, subject to the following provisions:
 - 1) when a limit of liability applies in the Aggregate During Any Policy Year, the “The Fund’s” maximum amount payable will not exceed such limit of liability during any policy year.
 - 2) when a limit of liability applies to a Location or other specified property, such limit of liability will be the maximum amount payable for all loss or damage at all Locations arising from physical loss or damage at such Location or to such other specified property.
 - 3) the premium for this policy is based upon the Statement of Values provided to the “The Fund” by or on behalf of the Insured and kept on file by the Insurer(s). In the event of loss under the policy, the liability of the “The Fund” shall be limited to the least of the following:
 - a) The actual adjusted amount of loss, less applicable deductible(s);
 - b) As respects each location insured by this Policy, one hundred fifteen (115%) percent of the total combined stated values for covered property (e.g. building, contents and business interruption) shown for that location on the latest statement of values or other documentation on file with the insurer;
 - c) Any other Limit of Liability or Sublimit of Insurance or Amount of Insurance specifically stated in this policy to apply to any particular insured loss or coverage or location.
- C. Should an Occurrence result in liability payable under more than one policy issued to the Named Insured, the maximum amount payable in the aggregate under all such policies will be the applicable limit(s) of liability indicated in this Policy.
- D. The maximum amount payable arising out of any one “loss occurrence” to which this Contract applies shall not exceed the Excess insurance catastrophe maximum for any one “loss occurrence” as purchased by “The Fund”. In the event the combined total of all claims to covered property for all Member Insureds under the State Property Fire Insurance Fund exceeds the catastrophe maximum in any one “loss occurrence,” recovery by all Insureds affected by such loss shall be on a pro-rata basis. The amount of each Insureds’ recovery shall be determined by the combined total of all claims to covered property for all Insured Members under the State Property Fire Insurance Fund.

Applicable Limits of Liability:

| POLICY LIMIT | See Declarations Page |
|---|-----------------------|
| All Limits of Liability are per Occurrence unless otherwise noted | |
| FLOOD in the Aggregate During Any Policy Year for all Property | \$15,000,000 |
| EARTH MOVEMENT in the Aggregate During Any Policy Year | \$15,000,000 |
| PRESERVATION OF PROPERTY | \$100,000 |
| LAND AND WATER CONTAMINANT OR POLLUTANT CLEANUP, REMOVAL AND DISPOSAL in the Aggregate During Any Policy Year | \$50,000 |
| MISCELLANEOUS UNNAMED LOCATION(S) | \$100,000 |



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Applicable Limits of Liability:

| | |
|---|--------------------------|
| EXTRA EXPENSE/ EXPEDITING EXPENSES | \$500,000 |
| TRANSIT, per conveyance | \$100,000 |
| INCREASED COST OF CONSTRUCTION including: INCREASED COST OF CONSTRUCTION – UPGRADE TO GREEN | \$10,000,000 |
| DEMOLITION (outside the Loc Limit) | \$250,000 |
| ELECTRONIC DATA PROCESSING EQUIPMENT AND MEDIA | \$100,000 |
| VALUABLE PAPERS AND RECORDS | \$250,000 |
| CONTRACTOR'S EQUIPMENT | \$25,000 |
| TREES, SHRUBS AND LANDSCAPING PLANTS except: TREES, SHRUBS AND LANDSCAPING PLANTS, any one tree, shrub or landscaping plant | \$25,000 \$10,000 |
| ACCOUNTS RECEIVABLE | \$250,000 |
| SERVICE INTERRUPTION – PROPERTY DAMAGE & TIME ELEMENT combined (excluding overhead transmission and distribution lines), Five (5) Statute Miles | \$250,000 |
| INGRESS/EGRESS, Five (5) Statute Miles | \$500,000 |
| FIRE DEPARTMENT FIRE FIGHTING CHARGES | \$10,000 |
| OUTDOOR PROPERTY | \$750,000 |
| GROSS EARNINGS/ LOSS OF RENTS | Reported Value |
| DECONTAMINATION COSTS | \$100,000 |
| INTERRUPTION BY CIVIL AUTHORITY, Five (5) Statute miles | \$500,000 |
| ATHLETIC FIELDS except: ARTIFICIAL OR SYNTHETIC TURF | \$100,000 \$1,000,000 |
| NEWLY ACQUIRED OR CONSTRUCTED BUILDINGS (REAL PROPERTY ONLY) – 90 DAYS | \$750,000 |
| DEBRIS REMOVAL | \$500,000 |

6. PREMIUM

This Policy is issued in consideration of an initial premium based on the Statement of Values submitted to the “The Fund” at each renewal.

7. PREMIUM PAYABLE

The Insured pays the premium under this Policy, and any return of the paid premium accruing under this Policy will be paid to the account of the Insured.



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8. VALUE REPORTING PROVISIONS

The Insured will provide the “The Fund” 100% values by location annually except under the terms of DECLARATIONS – SECTION A, 6. PREMIUM.

9. WAITING PERIOD

For the purposes of applying SERVICE INTERRUPTION, INTERRUPTION BY CIVIL AUTHORITY and INGRESS/EGRESS Coverages, the Waiting Period is 24 hours.

10. DEDUCTIBLES

Subject in each case of loss covered by this Policy, the “The Fund” will be liable only if the Insured sustains a loss, including any insured TIME ELEMENT loss, in a single Occurrence greater than the applicable deductible specified below, and only for its share of that greater amount.

- A. When this Policy insures more than one Location, the deductible will apply against the total loss covered by this Policy in an Occurrence where the physical damage occurred regardless of the number of Locations involved in the Occurrence.
- B. Unless stated otherwise, if two or more deductibles apply to an Occurrence, the total to be deducted will not exceed the largest deductible applicable. If two or more deductibles apply on a per Location basis in an Occurrence the largest deductible applying to each Location will be applied separately to each such Location.

Policy Deductible

See Declarations Page combined all coverages, per Occurrence, *except* as follows:

Exceptions to Policy Deductible

A. Wind/ Hail

\$100,000 combined all coverage, per Occurrence

B. Earth Movement

\$100,000 Real Property, combined all coverage, per Location

\$100,000 Business Personal Property, combined all coverage, per Location

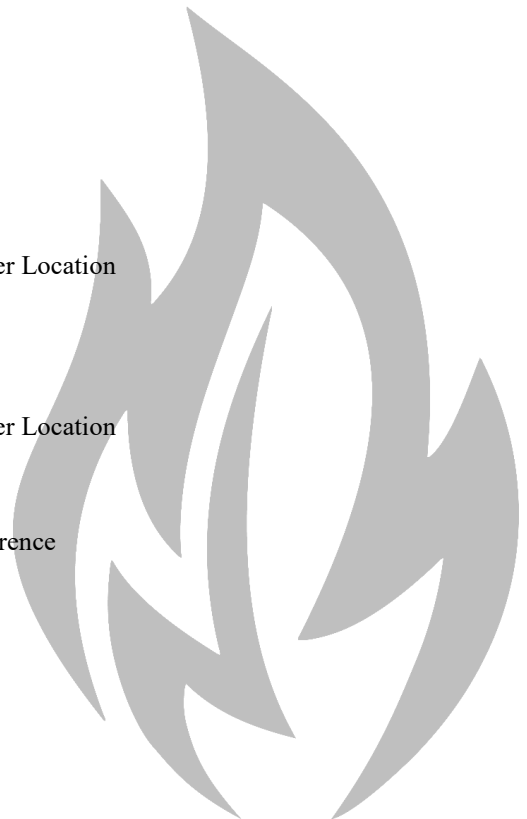
C. Flood

\$100,000 Real Property, combined all coverage, per Location

\$100,000 Business Personal Property, combined all coverage, per Location

D. Computer Equipment

\$5,000 Computer Equipment, combined all coverage, per Occurrence





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PROPERTY DAMAGE – SECTION B

1. PROPERTY INSURED

This Policy insures against all risks of direct physical loss or damage to covered property occurring during the policy period unless otherwise excluded elsewhere in this Policy. The Policy insures:

A. Real Property, including new buildings and additions under construction at an Insured Location, in which the Insured has an insurable interest, including:

- 1) Athletic field bleachers, scoreboards, lights, fences, water tanks, towers and antennas;
- 2) Fixtures, machinery and equipment permanently installed to the buildings or structure;
- 3) Business personal property owned by you that is used to maintain or service the buildings or structures or its “premises”;
- 4) Portable classrooms or mobile units which you own, or which you are legally liable, located on a “premises” you own or occupy as per schedule of inventory on file with the “The Fund”;
- 5) Buildings or structures you newly acquire, occupy or construct. You must report to us a newly acquired, occupied or constructed building or structure at time of acquisition, occupancy or completion of construction for coverage under the LIMITS OF LIABILITY.” If you have not notified us within thirty (30) days of acquisition, occupancy or end of construction that the newly acquired, occupied or constructed building or structure is to be insured, the most we will pay for all loss or damage to that newly acquired, occupied or constructed building or structure is \$750,000 regardless of its value. This includes buildings or additions under construction performed by employees or vocational students. If you do not report the newly acquired, occupied or constructed building or structure to us by the next renewal following acquisition, occupancy or completion of construction there will be no coverage the next year. Buildings or structures covered under a Builders’ Risk Policy are not included under this policy.

B. Business Personal Property:

- 1) owned by the Insured, including the 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 Insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.
- 2) of others in the Insured's custody to the extent the Insured is under obligation to keep insured for physical loss or damage insured by this Policy.
- 3) of others in the Insured's custody to the extent of the Insured's legal liability for physical loss or damage to Business Personal Property. The Company will defend that portion of any suit against the 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.

This Policy also insures the interest of contractors and subcontractors in insured property during construction at an Insured Location or within 1,000 feet thereof, to the extent of the 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. accounts, bills, currency or other money, precious metal in bullion form, notes, or securities deeds, food stamps or other evidences of debt or script notes.



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- B. land (including land on which the property is located), water or any other substance in or on land; except this exclusion does not apply to:
 - 1) growing crops, lawns, trees, shrubs, or landscape planting except for coverage provided under the LIMITS OF LIABILITY.
 - 2) water that is contained within any enclosed tank, piping system or any other processing equipment.
- C. animals or livestock.
- D. the cost of excavations, grading, backfilling or filling.
- E. contraband, or property in the course of illegal transportation or trade.
- F. standing timber or growing crops.
- G. watercraft or aircraft, except when unfueled and manufactured by the Insured.
- H. vehicles of officers and employees of the Insured, any vehicle required to be registered or licensed by the North Carolina Department of Motor Vehicles, or vehicles otherwise insured for physical loss or damage.
- I. underground mines or mine shafts or any property within such mine or shaft.
- J. underground tanks, pipes, flues, conduits, sewers or drains.
- K. dams, levees, reservoirs, tunnels, bridges, roadways, walks, patios or other paved surfaces.
- L. bulkheads, pilings, piers, wharves or dock.
- M. retaining walls that are not part of buildings you own.
- N. property in transit, except as otherwise provided by this Policy.
- O. property sold by the Insured under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers.
- P. offshore oil rigs, platforms and property contained therein or thereon.
- Q. offshore property
- R. personal property of others
- S. the cost of excavations, grading, backfilling or filling.
- T. foundation of buildings, structures, machinery or boilers if their foundation are below:
 - 1) The lowest basement floor, or
 - 2) The surface of the ground, if there is no basement.
- U. Satellites and drones

3. ADDITIONAL COVERAGES

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

These Additional Coverages:

- 1) are subject to the applicable limit of liability;
 - 2) will not increase the Policy limit of liability; and
 - 3) 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, including accounts receivable records stored as electronic data,



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while anywhere within this Policy's TERRITORY, including while in transit. "The Fund" 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 Insured will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding accounts receivable.
- 2) The Insured agrees to use any suitable property or service:
 - a) owned or controlled by the 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 Fund" 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 Insured on outstanding accounts receivable on the date of loss will belong and be paid to "The Fund" up to the amount of loss paid by "The Fund". All recoveries exceeding the amount paid will belong to the Insured.

B. NEWLY ACQUIRED OR CONSTRUCTED BUILDINGS

This Policy covers insured property at any Location rented, leased, newly constructed or purchased by the Insured after the inception date of this Policy. This coverage applies from the date of rental, lease or purchase.

This coverage will apply until whichever of the following occurs first:

- 1) The Location is bound by "The Fund".
- 2) Agreement is reached that the Location will not be insured under this Policy.
- 3) The Time Limit shown in the LIMITS OF LIABILITY clause in the DECLARATIONS section has been reached. The Time Limit begins on the date of rental, lease or purchase.

C. BRANDS AND LABELS

If branded or labeled property insured by this Policy is physically damaged and the "The Fund" elects to take all or any part of that property, the Insured may at the "The Fund'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 Insured must relabel such property or its containers to be in compliance with any applicable law.



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D. 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 Insured will surrender the undamaged parts of such merchandise to "The Fund".

E. CONTROL OF DAMAGED PROPERTY

This Policy gives control of physically damaged property as follows:

- 1) The Insured will have full rights to the possession and control of damaged property in the event of insured physical damage to such property provided proper testing is done to show which property is physically damaged.
- 2) The Insured using reasonable judgment will decide if the physically damaged property can be reprocessed or sold.
- 3) Property so judged by the Insured to be unfit for reprocessing or selling will not be sold or disposed of except by the Insured, or with the Insured's consent.
- 4) Any salvage proceeds received will go to the:
 - a) "The Fund" at the time of loss settlement; or
 - b) Insured if received prior to loss settlement and such proceeds will reduce the amount of loss payable accordingly.

F. ELECTRONIC DATA PROCESSING EQUIPMENT AND MEDIA

This Policy covers insured Physical Loss or Damage to Electronic Data Processing Equipment and Media, while anywhere within this Policy's TERRITORY including while in transit.

- 1) This Additional Coverage also covers the cost of the following reasonable and necessary actions taken by the Insured:
 - a) Actions to temporarily protect and preserve insured electronic data processing equipment, programs or software;
 - b) Actions taken for the temporary repair of insured Physical Loss or Damage to Electronic Data Processing Equipment and Media and to expedite the permanent repair or replacement of such damaged property,provided such actions are taken due to actual insured Physical Loss or Damage to Electronic Data Processing Equipment and Media.
- 2) This Additional Coverage also covers the reasonable and necessary costs incurred by the Insured to temporarily protect or preserve insured electronic media against immediately impending insured Physical Loss or Damage to Electronic Data Processing Equipment and Media. In the event that the physical loss or damage does not occur, the costs covered under this item will be subject to the deductible that would have applied if the physical loss or damage had occurred.
- 3) Costs recoverable under this Additional Coverage are excluded from coverage elsewhere in this Policy.
- 4) This Additional Coverage excludes loss or damage to electronic data processing equipment and media when they are stock in process, finished goods manufactured by the Insured, raw materials, supplies or other merchandise not manufactured by the Insured.
- 5) The following exclusions apply:

This Policy does not insure:

 - a) errors or omissions in processing or copying; all unless physical damage not excluded by this Policy results, in which event, only that resulting damage is insured.



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- b) loss or damage to electronic data processing equipment and media from errors or omissions in programming or machine instructions; all unless physical damage not excluded by this Policy results, in which event, only that resulting damage is insured.
- c) deterioration, inherent vice, vermin or wear and tear; all unless physical damage not excluded by this Policy results, in which event, only that resulting damage is insured.
- d) loss, damage, destruction, distortion, erasure, corruption or alteration of “Electronic Data” from any cause whatsoever (including but not limited to “Computer Virus”) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.
 - a. “Electronic Data” means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programs, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.
 - b. “Computer Virus” means 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 propagates 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”.

However, in the event that a peril listed below results from any of the matters described in paragraph d) above, this Contract, subject to all its terms, conditions and exclusions will cover physical damage occurring during the Coverage Period to property insured by this Contract directly caused by the listed perils of Fire and Explosion

- 6) The following definition for “Media” is all forms of data, converted data and/or programs and/or instructions and/or media vehicles employed in the Insured's data processing operations, and blank magnetic recording or storage media (software) for electronic data processing including film, tape, disc, drum, or cells, being property of the Insured or property of others for which the Insured may be liable.

G. DEBRIS REMOVAL

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

“The Fund’s” maximum liability for this Additional Coverage at each Insured Location in any occurrence will be the greater of:

- 1) the Limit shown in the LIMITS OF LIABILITY clause in the DECLARATIONS section; or

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 direct physical loss or damage. Contamination includes, but is not limited to, the presence of pollution 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 due to the actual not suspected presence of Contaminant(s), 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 due to the actual not suspected presence of Contaminant(s) as a direct result of insured physical damage.

“The Fund” 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.



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I. DEMOLITION AND 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 at an Insured Location, provided:
 - a) such law or ordinance is in force on the date of insured direct physical loss or damage; and
 - b) its enforcement is a direct result of such insured direct physical loss or damage.
- 2) This Additional Coverage does not cover loss due to any law or ordinance with which the Insured was required to comply had the loss not occurred.
- 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 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 pollution or hazardous material.
- 5) "The Fund's" maximum liability for this Additional Coverage at each Insured Location 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 actual cost incurred, excluding the cost of land, in rebuilding on another site; or
 - b) the cost of rebuilding on the same site.

J. INCREASED COST OF CONSTRUCTION – UPGRADE TO GREEN

The coverages and valuation provision provided by this Additional Coverage only apply if direct physical loss or damage to covered real and/or business 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) business personal property of others in the Insured's care, custody, and control, (2) leased business personal property, and/or (3) finished or unfinished stock.

In no event, does this Additional Coverage increase or change the per occurrence limit of liability shown in the declarations or the annual aggregate for specified perils.

Notwithstanding the Valuation Provision of this policy or limits of liability applicable to specific locations or perils, if replacement cost valuation applies to real and/or business personal property, then "The Fund's" liability for loss applicable to this Additional Coverage 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:

- 1) 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;

At the Insured's sole discretion, the Insured may elect not to upgrade to green any or all property for which upgrade to green coverage is provided under this Additional Coverage. In such case, "The Fund" will adjust the claim in accordance with the standard provisions of the policy, as modified by all other applicable Additional Coverage.



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Subject to 1) 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 C. 2).

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 business personal property within such a building, “The Fund” will pay to repair or replace damaged or destroyed:

1) Loss Settlement for Business Personal Property

- a) “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.
- b) “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.

2) Loss Settlement for Your Building

a) Interior Finish Materials Upgrade

i. 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.

ii. 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.

b) 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 Fund” will also pay to install occupant sensors to reduce the potable water demand.

c) 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 Fund” will also pay to repair or replace damaged light bulbs with light bulbs which have low mercury content.

d) 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.

e) Building Reconstruction Following Total Loss

- i. Solely with respect to a “Total Loss” to a building, “The Fund” 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



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- ii. required to qualify for LEED Silver certification using the LEED New Construction (LEED NC®) Rating System.
- iii. Certification Expenses
 - a. “The Fund” will pay the reasonable and necessary registration and certification fees charged by the United States Green Building Council (USGBC) that the Insured incurs should the Insured decide to seek LEED Silver certification. However, “The Fund” will not pay to modify the reconstructed structure if it is not certified.

B. LEED CERTIFIED COVERAGE

In addition to all Coverages provided in Coverage Section A (with the exception of A.2) e) 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 business personal property within such building, “The Fund” will pay to repair or replace damaged or destroyed:

- 1) Loss Settlement for Trees, Shrubs, and Vegetative Roofs
 - a) 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.
 - b) Vegetative roofs on LEED certified buildings. Notwithstanding any other provision of the policy to the contrary, vegetative roofs are Covered Property.
- 2) Loss Settlement for Your Building
 - a) Recertification Expenses
 - i. 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 Fund” will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Insured incurs as a result of the recertification process.
 - b) Building Reconstruction Following Total Loss
 - i. Solely with respect to a “Total Loss” to a building that is LEED certified at the time of the loss, “The Fund” 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.
 - ii. Certification Expenses
 - a. “The Fund” will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Insured incurs should the Insured decide to seek LEED certification. However, “The Fund” will not pay to modify the reconstructed structure if it is not certified.

C. 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:

- 1) Recycling Expenses
 - a) “The Fund” will pay the Insured’s expenses to clean-up, sort, segregate, and transport debris from the Insured’s damaged building to recycling facilities, if such debris can be recycled.
 - b) The Sublimit of Insurance for this coverage is in addition to the debris removal expense sublimit provided by the policy, if any.
 - c) Any income or remuneration derived from this recycling shall be used to reduce the loss.



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- 2) Air Testing and Outdoor Air Ventilation of the Reconstructed Space
 - a) 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 Fund" will pay to conduct air testing and a building flush-out (if required because
 - b) 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.
 - c) After the two week period of increased outdoor air ventilation of the reconstructed space, "The Fund" will pay to replace the filtration media with new media.
- 3) Professional Services
 - a) "The Fund" 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.
- 4) Building Commissioning Expenses
 - a) 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 Fund" will pay reasonable and necessary expenses of a Professional Engineer to commission or re-commission those damaged systems in accordance with LEED protocols.

D. ADDITIONAL DEFINITIONS

- 1) "Appliances" means products including, but not limited to, dishwashers, refrigerators, freezers, ovens, microwave ovens, room air conditioners, room air cleaners and water heaters.
- 2) "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.
- 3) "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.
- 4) "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.
- 5) "Lower emissions" means:
 - a) 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;
 - b) 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;
 - c) With respect to carpet and carpet cushion, products that meet the requirements of the Carpet and Rug Institute's Green Label Plus Program; and
 - d) 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.



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- 6) "Office Equipment" means electronic products including, but not limited to, desktop computers, laptop computers, monitors, printers, fax machines, scanners, copiers, and telephones.
- 7) "Recycled Content" means those products that contain at least 20% post-consumer recycled content.
- 8) "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.
- 9) "Seating" means task and guest chairs used with "System Furniture".
- 10) "Sustainably Produced" means those products certified by the Forest Stewardship Council ("FSC").
- 11) "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.
- 12) "Total Loss" means:
 - a) The covered building is completely destroyed regardless of whether any damage is done to the foundation or slab, or
 - b) 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.
- 13) "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.

K. EARTH MOVEMENT

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

This Additional Coverage does not apply to direct physical loss or damage caused by or resulting from flood; surface waters; rising waters; waves; tide or tidal water; the release of water; the rising, overflowing or breaking of boundaries of natural or man-made bodies of water; or the spray therefrom; or sewer back-up resulting from any of the foregoing; all regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

- 1) References and Application. The following term(s) wherever used in this Policy means:
 - a) Earth Movement:

Any natural or man-made earth movement, including but not limited to earthquake or landslide, regardless of any other cause or event contributing concurrently or in any other sequence of loss. 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 movements within a continuous 72 hour period will be considered a single Earth Movement.
 - b) High Hazard Zones for Earth Movement:

Property located in Alaska, California, Hawaii, in the New Madrid Seismic Zone or in the Pacific Northwest Seismic Zone is excluded.

L. EXPEDITING COSTS

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.



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M. FLOOD

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

1) References and Application. The following term(s) wherever used in this Policy means:

- a) Flood; surface waters; rising waters; waves; storm surges; tide or tidal water; tsunami; the release of water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water; or the spray therefrom; or sewer back-up resulting from any of the foregoing; regardless of any other cause or event contributing concurrently or in any other sequence of loss. 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.
- b) Property Not Covered
 - A. Buildings located on designated undeveloped coastal barrier areas and which were constructed or substantially improved on or after October 1, 1983.
 - B. Building and Business Personal Property located entirely in, on, or over water or seaward of mean high tide.
 - C. A manufactured (i.e., mobile, modular) unit located or placed within a FEMA designated Special Flood Hazard Area that is not anchored to a permanent foundation to resist floatation, collapse, or lateral movement (1) by over-the-top or frame ties to ground anchors, or (2) in accordance with manufacturer's specifications, or (3) in compliance with the community's flood plain management requirements, unless it is a manufactured unit on a permanent foundation insured by the State Property Fire Insurance Fund.
 - D. Units which are primarily containers rather than buildings (such as gas and liquid tanks, chemical or reactor container tanks, or enclosures and their contents).
 - E. From a flood which, is confined to the premises on which the insured property is located unless the flood is displaced over two acres of the insured property.
- c) Duties in the Event of Loss or Damage

When flood insurance under this Contract covers a building, the reasonable expenses incurred by the Member Insured for the purchase of (1) sandbags, including sand to fill them and plastic sheeting and lumber used in connection with them, (2) fill for temporary levees, (3) pumps, and (4) wood, all for the purpose of saving the building due to the imminent danger of a flood loss, are a covered loss in an aggregate amount up to the amount of the building's flood deductible. The flood deductible, as provided for under Item 3. of this endorsement, shall not be applied to this reimbursement, but shall be applied to any other benefits and the Contract's building flood coverage. For reimbursement to apply, the following conditions must be met:

- A. The Insured property must be in imminent danger of sustaining flood damage; and
 - B. The threat of flood damage must be in of such imminence as to lead a person of common prudence to apprehend flood damage; and
 - C. A general and temporary condition of flooding in the area must occur, even if the flooding does not reach the insured property, or a legally authorized official must issue an evacuation order or other civil order for the community in which the insured property is located in call for measures to preserve life and property from the peril of flood.
- d) Continuous Lake Flooding

Where the insured building has been inundated by rising lake waters continuously for 90 days or more and it appears reasonably certain that a continuation of this flooding will result in damage, reimbursable under this Contract, to the insured building equal to or greater than the building limits plus deductible or the minimum payable under the Contract for any one building loss, the State Property Fire Insurance Fund will pay the Member Insured the lesser of these two amounts without waiting for the further damage to occur if the Member Insured signs a release agreeing to make no further claim under this Contract to damage building and business personal property. If the Contract terms end before the insured building has been flooded continuously for 90 days, the



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provisions of this Paragraph still apply so long as the first building damage reimbursable under this Contract from the continuous flooding occurred before the end of the Coverage Period.

e) **Flood Zone Definitions**

FLOOD ZONE A

Property will be determined to be within a Flood Zone A if is within an area designed as such on a FEMA Flood Insurance Rate Map or a Flood Hazard Boundary Map. Flood Zone A will include, but not be limited to, all of the sub-classifications of AO, AH, AE, AR, A1 through A30 and A99, or any other sub-classification with the A prefix or designation.

FLOOD ZONE V

Property will be determined to be within a Flood Zone V if it is within an area designated as such on a FEMA Flood Insurance Rate Map or a Flood Hazard Boundary Map. Flood Zone V will include, but not be limited to, all of the sub-classifications of VO, VH, VE, VR, V1 through V30 and V99, or any other sub-classification with the V prefix or designation.

N. LAND AND WATER CONTAMINANT OR POLLUTANT CLEANUP, REMOVAL AND 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, water or any other substance in or on land at the Insured Location if the release, discharge or dispersal of contaminants or pollutants is a direct result of insured direct 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 location insured for Business Personal Property only.
- 2) at any property insured under NEWLY ACQUIRED OR CONSTRUCTED BUILDINGS or MISCELLANEOUS UNNAMED LOCATION(S) coverage provided by this Policy.
- 3) when the Insured fails to give written notice of loss to “The Fund” within 180 days after inception of the loss.

O. MISCELLANEOUS UNNAMED LOCATION(S)

This Policy covers insured property at any Location that has not been included in the Statement of Property Values on file with “The Fund” at each renewal and has not been reported to “The Fund” as may be required in the Policy provisions elsewhere. Costs recoverable under this Additional Coverage are excluded from coverage under the NEWLY ACQUIRED OR CONSTRUCTED BUILDINGS clause in this section of the Policy or property insured in whole or in part by any other insurance policy.

P. OUTDOOR PROPERTY

This Policy covers for loss to your specific outdoor property for flagpoles, fences or signs while at a “premises” you own or occupy.

The most we will pay in any one “loss occurrence” for your outdoor property defined above is \$750,000. The “loss occurrence” must result from a covered loss.

Q. VACANT BUILDINGS

We will pay for loss or damage to your “vacant” buildings subject to the following:

- 1) The building must be included in the Schedule of Property Values you provide to us;
- 2) The “loss occurrence” must be due to a covered loss;



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- 3) Coverage will be provided on an “actual cash value basis” subject to a maximum amount equal to the value reported to us in the Schedule of Property Value for the building; and
- 4) The “vacant” building is kept locked or secured at all times..”

R. 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 direct physical loss or damage to such insured property.
- 2) reasonable and necessary:
 - 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.
 - 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 direct physical loss or damage occurred.

S. SERVICE INTERRUPTION PROPERTY DAMAGE

This Policy covers:

- 1) insured direct physical loss or damage to insured property at an Insured Location, or within one statute mile of it, when such physical loss or damage results from the interruption of the specified incoming services consisting of electricity, gas, fuel, steam, water, refrigeration or from the lack of outgoing sewerage service or from the lack of transmission of incoming or outgoing voice, data or video service by reason of any physical loss or damage of the type insured at the facilities of the supplier, excluding overhead transmission and distribution lines, of such service located within this Policy's 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) In addition, as respects SERVICE INTERRUPTION PROPERTY DAMAGE coverage the following exclusion applies:

This Policy excludes loss or damage directly or indirectly caused by or resulting from 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:

- a) Terrorism.
 - b) the interruption of incoming or outgoing voice, data or video service as the result of an accidental event or physical damage to a satellite.
- 4) Additional General Provisions:
 - a) The Insured will immediately notify the suppliers of services of any interruption of such services.
 - b) “The Fund” will not be liable if the interruption of such services is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified services.
 - 5) References and Application. The following term(s) means:
 - a) Period of Service Interruption:

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.



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T. TEMPORARY REMOVAL OF PROPERTY

- 1) When insured property is removed from an Insured Location for the purpose of being repaired or serviced or in order to avoid threatened direct physical loss or damage of the type insured by this Policy, this Policy covers such property:
 - a) while at the location to which such property has been moved; and
 - b) for direct physical loss or damage as provided at the Insured Location from which such property was removed.
- 2) This Additional Coverage does not apply to property:
 - a) insured, in whole or in part, elsewhere in this Policy.
 - b) insured, in whole or in part, by any other insurance policy.
 - c) removed for normal storage, processing or preparation for sale or delivery.

U. TRANSIT

- 1) This Policy covers the following Business Personal Property, except as excluded by this Policy, while in transit within the TERRITORY of this Policy:
 - a) owned by the Insured.
 - b) shipped to customers under F.O.B., C & F or similar terms. The Insured's contingent interest in such shipments is admitted.
 - c) of others in the actual or constructive custody of the Insured to the extent of the Insured's interest or legal liability.
 - d) of others sold by the Insured, that the 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.
 - c) waterborne shipments, unless:
 - i. by inland water; or
 - ii. by roll-on/roll-off ferries; or
 - iii. by coastal shipments.
 - d) airborne shipments unless by regularly scheduled passenger airlines or air freight carriers.
 - e) property of others, including the Insured's legal liability for it, hauled on vehicles owned, leased or operated by the 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. It then covers continuously in the due course of transit:
 - i. within the continent in which the shipment commences until the property arrives at the destination within such continent; or
 - 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.



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- 4) This Additional Coverage:
 - a) insures direct 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) The exclusions in the EXCLUSIONS clause of this section do not apply to TRANSPORTATION coverage except for A1 through A4, B1 through B5, C1, C3, C5, C6, and D1 through D3.
- 6) Additional General Provisions:
 - a) This Additional Coverage will not insure directly or indirectly to the benefit of any carrier or bailee.
 - b) The 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 Insured may waive subrogation against railroads under side track agreements.

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

V. VALUABLE PAPERS AND RECORDS

This Policy covers insured direct physical loss or damage to Valuable Papers and Records while anywhere within this Policy's TERRITORY, including while in transit.

- 1) This Additional Coverage excludes loss or damage to:
 - a) property described below, if such property cannot be replaced with other of like kind and quality, unless specifically declared to "The Fund".
 - b) currency, money or securities.
 - c) property held as samples or for sale or for delivery after sale.
- 2) VALUABLE PAPERS AND RECORDS Exclusions: This Policy does not insure:
 - a) errors or omissions in processing, or copying; all unless direct physical damage not excluded by this Policy results, in which event, only that resulting damage is insured.
 - b) deterioration, inherent vice, vermin or wear and tear; all unless direct physical damage not excluded by this Policy results, in which event, only that resulting damage is insured.
- 3) References and Application. The following term(s) wherever used in this Policy means:
 - a) Valuable Papers and Records: Written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, all of which must be of value to the Insured.

4. LIMITATIONS TO COVERED PROPERTY

Except as limited below, we will not pay for loss of or damage to:

- A. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the combustion chamber or firebox of any fired hot water vessel or within the flues or passages through which the gases of combustion pass.
- B. Hot water boilers or water heating equipment caused by or resulting from any condition or event inside such boilers or equipment. But we will pay for loss of or damage to such equipment caused by or resulting from



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- C. an explosion of gases or fuel within the combustion chamber or firebox of any fired hot water vessel or within the flues or passages through which the gases of combustion pass.
- D. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.
- E. The interior of any building or structure, or to business personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not unless;
- F. The building or structure first sustains damage by a covered cause of loss to its roof, walls, doors or windows and the rain, snow, sleet, ice, sand or dust enters the interior through such damaged roof, walls, doors or windows; or
- G. The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- H. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.
- I. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. Unexplained disappearance or shortage of stock or inventory.
- J. Property that has been transferred to a person or to a place outside the described “premises” on the basis of unauthorized instructions.

5. ADDITIONAL LIMITATIONS TO COVERED PROPERTY

A. PROTECTIVE SAFEGUARD CLAUSE

In consideration of the rate at which this contract is written, it is a condition that the Insured Member shall (1) exercise due diligence in maintaining a complete working order of all equipment and services (so far as they are within the control of the Member Insured) installed for the detection, prevention, and extinguishment of fire at or in the property covered by this contract; (2) give immediate notice of any impairment in or suspension of such protective services (within the knowledge of the Member Insured); and (3) make no change in any sprinkler system, its water or chemical supplies, or any watchman service unless immediate notification is given to the “The Fund”. Failure to comply with this clause could reduce the amount recoverable by 15%.

B. MOVABLE PROPERTY CLAUSE

In consideration of the reduced rate at which this contract is issued, it is understood and agreed by the Member Insured that during the term of this contract, the buildings described as mobile units, relocatable units, removable units, mobile film libraries, and mobile libraries or any other movable structures, or the contents thereof, shall not be covered by this policy while it is being erected, moved or transported on school property, on public highways, roads, alleys or any other places.

It is further agreed and understood that the property described as mobile units, relocatable units, or any other movable property shall not be covered for wind damage unless they first meet the mobile unit tie down requirements; or is bolted/anchored in a concrete foundation.

6. 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.



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- 5) mysterious disappearance, loss or shortage disclosed on taking inventory, 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 DEMOLITION AND INCREASED COST OF CONSTRUCTION and INCREASED COST OF CONSTRUCTION – UPGRADE TO GREEN coverages of this Policy.
 - 7) loss resulting from the voluntary parting with title or possession of property if induced by any fraudulent act or by false pretense.
- 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)
 - 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.
 - f) terrorism, including action taken to prevent, defend against, respond to or retaliate against terrorism or suspected terrorism, except to the extent provided in the TERRORISM coverage of the Policy. However, if direct loss or damage by fire results from any of these acts (unless committed by or on behalf of the Insured), then this Policy covers only to the extent of the actual cash value of the resulting direct loss or damage by fire to property insured. This coverage exception for such resulting fire loss or damage does not apply to:
 - i. direct physical loss or damage by fire which results from any other applicable exclusion in the Policy, including the 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.
 - ii. any coverage provided in the TIME ELEMENT section of this Policy or to any other coverages provided in this Policy.Any act which satisfies the definition of terrorism shall not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage covered elsewhere in this Policy.
 - 2) any dishonest act, including but not limited to theft, committed alone or in collusion with others, at any time:
 - a) by an Insured or any proprietor, partner, director, trustee, officer, or employee of an 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 to do anything in connection with property insured under this Policy.



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

3) lack of the following services:

- a) incoming electricity, fuel, water, gas, steam, refrigerant;
- b) outgoing sewerage;
- c) incoming or outgoing voice, data or video,

all when caused by an event off the Insured Location except as provided in the SERVICE INTERRUPTION coverages of this Policy. But, if the lack of such a service directly causes insured physical damage on the insured location, then only that resulting damage is insured.

4) earth movement for property located in Alaska, California, Hawaii, in the New Madrid Seismic Zone or in the Pacific Northwest Seismic Zone.

5) virus, bacteria or microorganism that induce physical distress, illness or disease.

- C. This Policy does not insure any loss, damage, destruction, distortion, erasure, corruption or alteration of a COMPUTER SYSTEM or ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or any loss of access, any loss of use, reduction in functionality, cost, expense of any kind or of any nature whatsoever resulting therefrom. Further, this Policy does not insure any loss or damage that directly or indirectly results from loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS).

Such loss or damage as described herein is excluded regardless of any other cause or event contributing concurrently or in any other sequence to the loss or damage.

This exclusion applies regardless of whether the loss or damage arises out of or results from authorized, unauthorized, intentional, unintentional or accidental access in, of, or to any computer, communication system, file server, network(s), networking equipment, computer system, computer hardware, computer software, data processing equipment, computer memory, microchip, microprocessor, integrated circuit or similar device.

However, this Policy, subject to all other terms, conditions and exclusions, will cover physical damage to insured property that was directly caused by any of the following perils occurring within the Policy Period: fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm or hail, flood (unless otherwise excluded), or earthquake (unless otherwise excluded).

COMPUTER SYSTEM means any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility.

ELECTRONIC DATA means facts, concepts and information recorded, transmitted or converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment. This includes any biometric information, including but not limited to retina or iris scans, fingerprints, voiceprints, DNA, scans of hand or face geometry or any other biometric algorithm or measurement which allows any individual to be identified. ELECTRONIC DATA also includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment. This includes any item reliant on Blockchain technology, including but not limited to cryptocurrencies or Non-Fungible Tokens.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including, but not limited to any set of maliciously, intentionally, unintentionally or accidentally introduced instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature located anywhere in the world. COMPUTER VIRUS includes, but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- D. This Policy excludes the following, but, if direct physical loss or damage not excluded by this Policy results, then only that resulting damage is insured:

1) faulty workmanship, material, construction or design from any cause.



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- 2) collapse, unless collapse is caused by:
- a) Fire, lightning, explosion, windstorm or hail, smoke, aircraft or vehicle collision, riot or civil commotion, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, falling objects, weight of snow, ice, rain or sleet that collects on a roof, or water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on underlying rock formations. The cost of filling the sinkhole is excluded from all coverage.
 - b. Falling objects does not include loss or damage to:
 - i. Business personal property in the open; or
 - ii. The interior of a building or structure, or business personal property inside a building or structure, unless the roof or an exterior wall of the building or structure is first damaged by the falling object
 - c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system, appliance or pipe containing water or steam.
 - b) Weight of people or business personal property.
 - c) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a cause of loss listed under (1) above, we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse

If loss by fire results from an uncovered collapse, we will pay for that resulting fire loss or damage.

- 3) 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.
- 4) deterioration, depletion, rust, corrosion or erosion, wear and tear, fungus, microbes, decay, inherent vice or latent defect or any quality in property that causes it to damage or destroy itself.
- 5) settling, cracking, shrinking, bulging, or expansion of:
- d) foundations (including any pedestal, pad, platform or other property supporting machinery).
 - e) floors.
 - f) pavements.
 - g) walls.
 - h) ceilings.
 - i) roofs.
- 6) a) changes of temperature damage; or
b) changes in relative humidity damage,
all whether atmospheric or not.
- 7) insect, animal or vermin damage.
- 8) direct physical loss or damage to the interior portion of buildings under construction from rain, sleet or snow, whether or not driven by wind, when the installation of the roof, walls and windows of such buildings has not been completed.
- 9) direct physical “cosmetic damage” to “roof surfacing” caused by wind and/or hail.

The following definitions apply:

“Cosmetic damage” means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the “roof surfacing”, but such damage does not prevent the roofing from continuing to function as a barrier to entrance of the elements to the same extent as it did before the “cosmetic damage” occurred.



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“Roof surfacing” means the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof, and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection.

- 10) direct physical damage to paint or waterproofing material applied to the exterior of the building(s) or structure(s) covered hereunder caused by windstorm or hail on property located in the “Beach” Territory. The value of paint or waterproofing material, being excluded from the coverage as above stated, shall not be considered in the determination of actual cash value when applicable to windstorm or hail perils.

The following “Beach” Territory definition applies:

Localities south and east of the Inland Waterway, from the South Carolina line to Fort Macon (Beaufort Inlet), thence south and east of Core, Pamlico, Roanoke and Currituck Sounds to the Virginia line, being those portions of land generally known as the Outer Banks.

- E. This Policy excludes the following unless directly resulting from other direct physical damage not excluded by this Policy:
 - 1) contamination including but not limited to the presence of pollution or hazardous material except as provided in the DECONTAMINATION COSTS coverage of this Policy.
 - 2) shrinkage.
 - 3) changes in color, flavor, texture or finish.
 - 4) fungus, mold or mildew except as provided in the DECONTAMINATION COSTS coverage of this Policy.
 - 5) Asbestos, asbestos fibers, any product containing asbestos fibers, or any governmental direction or request declaring that asbestos material present in or part of or utilized on any portion of property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.
- F. This Policy excludes the following, but, if direct physical damage not excluded by this Policy results, then only that resulting damage is insured:
 - 1) Electrical injury or disturbance to electrical appliances, devices, or wiring caused by electrical currents artificially generated. However, if direct physical loss or damage from a covered peril results, to covered property, from such electrical injury or disturbance, then this policy shall cover such ensuing loss or damage not otherwise excepted or excluded from coverage; This exclusion shall not apply to ELECTRONIC DATA PROCESSING EQUIPMENT AND MEDIA and VALUABLE PAPERS AND RECORDS.
 - 2) Mechanical breakdown. However, if direct physical loss or damage from a covered peril results from such mechanical breakdown then this policy shall cover such ensuing direct physical loss or damage not otherwise excepted or excluded from coverage; This exclusion shall not apply to ELECTRONIC DATA PROCESSING EQUIPMENT AND MEDIA and VALUABLE PAPERS AND RECORDS.
 - 3) Explosion, rupture, or bursting of steam boilers, steam pipes, steam turbines or steam engines owned or operated by the Insured. However, if direct physical loss or damage from a covered peril results, to covered property, from such explosion, rupture, or bursting then this policy shall cover such ensuing direct physical loss or damage not otherwise excepted or excluded from coverage.



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TIME ELEMENT – SECTION C

1. LOSS INSURED

- A. This Policy insures TIME ELEMENT loss, as provided in the TIME ELEMENT COVERAGES, directly resulting from direct 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;
 - 2) used by the Insured, or for which the Insured has contracted use;
 - 3) located at an Insured Location; or
 - 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 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 Location or at any other location. “The Fund” reserves the right to take into consideration the combined operating results of all associated, affiliated or subsidiary companies of the Insured in determining the TIME ELEMENT loss.
- C. This Policy covers expenses reasonably and necessarily incurred by the 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. In determining the amount of loss payable, “The Fund” will consider the experience of the business before and after and the probable experience during the PERIOD OF LIABILITY.

2. TIME ELEMENT COVERAGES

A. GROSS EARNINGS

As respects to Locations reporting Gross Earnings Values:

- 1) Measurement of Loss:
 - a) The recoverable GROSS EARNINGS loss is the Actual Loss Sustained by the Insured of the following during the PERIOD OF LIABILITY:
 - i. Gross Earnings;
 - 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 Fund” 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 but only to the extent that the 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;



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- iii. unable to continue such operations or services during the PERIOD OF LIABILITY; and
- iv. able to demonstrate a loss of sales for the operations, services or production prevented.

2) References and Application. The following term(s) means:

Gross Earnings, as used in item 1ai:

- 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 Insured.

Any amount recovered under property damage coverage at selling price for loss or damage to merchandise will be considered to have been sold to the Insured's regular customers and will be credited against net sales.

B. EXTRA EXPENSE

1) Measurement of Loss:

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

- a) Extra expenses to temporarily continue as nearly normal as practicable the conduct of the Insured's business; and
- b) Extra costs of temporarily using property or facilities of the 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.

3) References and Application. The following term(s) means:

- a) Normal:

The condition that would have existed had no physical loss or damage occurred.

C. RENTAL INSURANCE

1) Measurement of Loss:

The recoverable RENTAL INSURANCE loss is the Actual Loss Sustained by the Insured of the following during the PERIOD OF LIABILITY:

- a) The fair rental value of any portion of the property occupied by the 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 EXCLUSIONS A does not apply and the following applies instead:



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- a) 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.

3. TIME ELEMENT COVERAGE EXTENSIONS

A. IMPOUNDED WATER

This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured due to the interruption of the Insured's business when water stored behind dams or in reservoirs on Described Premises which is used as a raw material or for power or for other manufacturing purpose is released from storage as the result of physical damage as insured against to such dam or reservoir or equipment connected therewith, this policy is extended to insure against the actual loss sustained by the Insured resulting from the lack of adequate water supply from such sources, limited however, to not exceeding thirty (30) consecutive days after such length of time as would be required with the exercise of due diligence and dispatch to repair or replace the damaged dam, reservoir or equipment.

B. INGRESS/EGRESS

This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured due to the necessary interruption of the Insured's business due to physical prevention of ingress to or egress from an Insured Location or within five statute miles of it, whether or not the premises or property of the Insured is damaged, 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.

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 voice, data or video.
- 2) picketing or other action by strikers except for direct physical damage not excluded by this Policy.
- 3) physical loss or damage caused by or resulting from Terrorism, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss.

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.

C. INTERRUPTION BY CIVIL AUTHORITY

This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured during the PERIOD OF LIABILITY if an order of civil or military authority prohibits access to the insured location provided such order is the direct result of direct physical damage of the type insured at the insured location or within five statute miles of it.

The PERIOD OF LIABILITY for this TIME ELEMENT COVERAGE EXTENSION will be:

The period of time:

- 1) starting at the time of such physical damage; but
- 2) not to exceed the time limit shown in the LIMITS OF LIABILITY clause in the DECLARATIONS section,

this period of time is part of and not in addition to any PERIOD OF LIABILITY applying to any coverage provided in the TIME ELEMENT section.



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D. ON PREMISES SERVICES

This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured during the PERIOD OF LIABILITY directly resulting from direct physical loss or damage of the type insured to the following property located within 1,000 feet of the Insured Location:

- 1) Electrical, fuel, gas, water, steam, refrigeration, sewerage, communication transmission lines.

E. PROTECTION AND PRESERVATION OF PROPERTY – TIME ELEMENT

This Policy covers the Actual Loss Sustained by the Insured for a period of time not to exceed 48 hours prior to and 48 hours after the Insured first taking reasonable action for the temporary protection and preservation of property insured by this Policy provided such action is necessary to prevent immediately impending direct 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 direct physical loss or damage occurred.

F. SERVICE INTERRUPTION TIME ELEMENT

- 1) This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured during the Period of Service Interruption at Insured Locations, or within one statute mile of it, when the loss is caused by the interruption of incoming services consisting of electricity, gas, fuel, steam, water, refrigeration or from the lack of outgoing sewerage service or from the lack of transmission of incoming or outgoing voice, data or video service by reason of any direct physical loss or damage of the type insured at the facilities of the supplier, excluding overhead transmission and distribution lines, of such service located within this Policy's 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) In addition, as respects SERVICE INTERRUPTION TIME ELEMENT coverage the following exclusion applies:

This Policy excludes loss or damage directly or indirectly caused by or resulting from 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:

- a) Terrorism.
 - b) the interruption of incoming or outgoing voice, data or video service as the result of an accidental event or direct physical damage or loss to a satellite.
- 4) Additional General Provisions:
 - a) The Insured will immediately notify the suppliers of services of any interruption of such services.
 - b) "The Fund" will not be liable if the interruption of such services is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified services.
 - 5) References and Application. The following term(s) means:
 - a) Period of Service Interruption:
 - i. 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 Location 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 clause in this section.
 - ii. The Period of Service Interruption is limited to only those hours during which the Insured would or could have used service(s) if it had been available.



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- iii. The Period of Service Interruption does not extend to include the interruption of operations caused by any reason other than interruption of the specified service(s).

G. RELATED REPORTED VALUES

If reported TIME ELEMENT values include:

- 1) locations used by the Insured (such as branch stores, sales outlets and other plants) but not listed on a schedule under this Policy; and
- 2) a TIME ELEMENT loss would result at such locations,
- 3) from insured direct physical loss or damage at an Insured Location,

then this Policy provides coverage for such resulting TIME ELEMENT loss in accordance with the coverage applicable at such Insured Location.

H. TIME ELEMENT INTERDEPENDENCY

If there is a loss at an Insured Location that involves interdependency at one or more other Insured Locations, the loss, including any resulting interdependency loss, will be adjusted based on the TIME ELEMENT coverage that applies at the Insured Location where the direct physical loss or damage insured by this Policy occurred.

I. PERIOD OF LIABILITY

- 1) The PERIOD OF LIABILITY applying to all TIME ELEMENT COVERAGES or if otherwise provided under the TIME ELEMENT COVERAGE EXTENSIONS, is as follows:
 - a) For building and equipment, the period:
 - i. starting from the time of direct physical loss or damage of the type insured against; and
 - ii. ending when with due diligence and dispatch the building and equipment could be:
 - a. repaired or replaced; and
 - b. made ready for operations,under the same or equivalent physical and operating conditions that existed prior to the damage.
 - iii. 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 direct 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 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



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- b) limited to that period for which the damaged raw materials 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) on any Insured Location,

is released as the result of direct physical loss or damage of the type insured against under this Policy to such dam, reservoir or connected equipment, the "The Fund's" liability for the actual interruption of production or suspension of operations or services due to inadequate water supply will not extend beyond 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 films, 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 property covered under ELECTRONIC DATA PROCESSING EQUIPMENT AND MEDIA, 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 Location and provided such order is the direct result of direct physical loss or damage of the type insured against under this Policy at the Insured Location, the period of time:
- a) starting at the time of such physical damage
- 9) The PERIOD OF LIABILITY does not include any additional time due to the Insured's inability to resume operations for any reason, including but not limited to:
- a) making changes to equipment.
 - b) making changes to the buildings or structures except as provided in the DEMOLITION AND INCREASED COST OF CONSTRUCTION clause in the PROPERTY DAMAGE section.
 - c) restaffing or retraining employees.

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

4. TIME ELEMENT EXCLUSIONS

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

This Policy does not insure against:

- 1) 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:
 - a) direct physical loss or damage not insured by this Policy on or off of the Insured Location.
 - b) planned or rescheduled shutdown.
 - c) strikes or other work stoppage.
 - d) any other reason other than physical loss or damage insured by this Policy.
 - e) contingent time element.
- 2) Any increase in loss due to:
 - a) suspension, cancellation or lapse of any lease, contract, license or orders.



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- b) fines or damages for breach of contract or for late or noncompletion of orders.
 - c) for penalties of any nature.
 - d) any other consequential or remote loss.
- 3) Any loss resulting from direct physical loss or damage to finished goods manufactured by the Insured, nor the time required for their reproduction.





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LOSS ADJUSTMENT AND SETTLEMENT – SECTION D

1. LOSS ADJUSTMENT/PAYABLE

Loss, if any, will be adjusted with and payable to the Insured, or as may be directed by the 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 Fund” or named below.

2. CURRENCY FOR LOSS PAYMENT

Losses will be adjusted and paid in the currency of the United States of America.

3. VALUATION

Adjustment of the direct physical loss or damage amount under this Policy will be computed as of the date of loss at the location of the loss, and for no more than the interest of the 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 Insured, the regular cash selling price at the Location 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 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 exposed films, records, manuscripts and drawings that are not Valuable Papers and Records, the value blank plus the cost of copying information from back-up or from originals of a previous generation. These costs will not include research, engineering or any costs of restoring or recreating lost information.
- E. On property covered under ELECTRONIC DATA PROCESSING EQUIPMENT AND MEDIA:
 - 1) The cost to repair, replace or restore electronic data processing equipment and media 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.
- F. On VALUABLE PAPERS AND RECORDS, the lesser of the following:
 - 1) The cost to repair or restore the item to the condition that existed immediately prior to the loss.
 - 2) The cost to replace the item.
 - 3) The amount designated for the item on the schedule on file with “The Fund”.
- G. On property in transit:
 - 1) Property shipped to or for the account of the Insured will be valued at actual invoice to the Insured. Included in the value are accrued costs and charges legally due. Charges may include the Insured's commission as selling agent.
 - 2) Property sold by the Insured and shipped to or for the purchaser's account will be valued at the Insured's selling invoice amount. Prepaid or advanced freight costs are included.
 - 3) Property not under invoice will be valued:
 - a) for property of the Insured, at the valuation provisions of this Policy applying at the location from which the property is being transported; or
 - b) for other property, at the actual cash market value at the destination point on the date of occurrence,



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less any charges saved which would have become due and payable upon arrival at destination.

H. 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 Insured's expense.
- 8) The Actual Cash Value if such property is:
 - a) a vacant building;
 - b) useless to the Insured; or
 - c) not repaired, replaced or rebuilt on the same or another site within three years from the date of loss.

The Insured may elect not to repair or replace the insured real and/or business 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 Insured's operations within three 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 Location under this Policy. This item does not extend to DEMOLITION AND INCREASED COST OF CONSTRUCTION.

References and Application. The following term(s) wherever used in this Policy means:

- a) 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.

4. LOSS CONDITIONS

A. REQUIREMENTS IN CASE OF LOSS

The Insured will:

- 1) give written notice to "The Fund" of any loss within 60 days.
- 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 Fund" within 90 days after the loss, unless that time is extended in writing by "The Fund". The proof of loss must state the knowledge and belief of the Insured as to:
 - a) the time and origin of the loss.



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- b) the 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.
 - e) by whom and for what purpose any location insured by this Policy 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 Insured, will as often as may be reasonably required:
- a) exhibit to any person designated by "The Fund" all that remains of any property;
 - b) submit to examination under oath by any person designated by "The Fund" and sign the written records of examinations; and
 - c) produce for examination at the request of "The Fund":
 - 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 Fund" or its representative and permit extracts and machine copies to be made.

B. ABANDONMENT

There may be no abandonment of any property to "The Fund".

C. SUBROGATION

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

"The Fund" will not acquire any rights of recovery that the Insured has expressly waived prior to a loss, nor will such waiver affect the Insured's rights under this Policy.

Any recovery from subrogation proceedings, less costs incurred by "The Fund" in such proceedings, will be payable to the Insured in the proportion that the amount of:

- 1) any applicable deductible; and/or
- 2) any provable uninsured loss, bears to the entire provable loss amount.

D. APPRAISAL

If the Insured and "The Fund" fail to agree on the amount of loss, each will, on the written demand of either, select a competent and disinterested appraiser after:

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

Each will notify the other of the appraiser selected within 20 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 then, on the request of the Insured or "The Fund", the umpire will be selected by a judge of a court of record in the jurisdiction in which the appraisal is pending. The appraisers will then appraise the amount of loss, stating separately the Actual Cash Value and replacement cost value as of the date of loss and the amount of loss, for each item of direct physical loss or damage or if, for TIME ELEMENT loss, the amount of loss for each TIME ELEMENT coverage of this Policy.



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If the appraisers fail to agree, they will submit their differences to the umpire. An award agreed to in writing by any two will determine the amount of loss.

The Insured and “The Fund” 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 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 Fund” will not be held to have waived any of its rights by any act relating to appraisal.

E. SUIT AGAINST THE “THE FUND”

No suit, action or proceeding for the recovery of any claim will be sustained in any court of law or equity unless:

- 1) the Insured has fully complied with all the provisions of this Policy; and
- 2) legal action is started within twelve months after inception of the loss.

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

F. SETTLEMENT OF CLAIMS

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

- A. proof of loss as described in this Policy is received by “The Fund”; and
- B. when a resolution of the amount of loss is made either by:
 - 1) written agreement between the Insured and “The Fund”; or
 - 2) the filing with “The Fund” of an award as provided in the APPRAISAL clause of this section.

G. COLLECTION FROM OTHERS

“The Fund” will not be liable for any loss to the extent that the Insured has collected for such loss from others.

H. 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 “The Fund’s” representatives to be in excess of the applicable Policy deductible, the “The Fund” 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 Insured will submit a signed and sworn Proof of Loss as described in this Policy, with adequate supporting documentation.

I. 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.



**North Carolina Office of State Fire Marshal
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GENERAL PROVISIONS – SECTION E**

1. INSPECTIONS

“The Fund”, at all reasonable times, will be permitted, but will not have the duty, to inspect insured property.

“The Fund’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 Insured or others, to determine or warrant that the insured property is safe or healthful. “The Fund” will have no liability to the Insured or any other person because of any inspection or failure to inspect.

When “The Fund” 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.

2. PROVISIONS APPLICABLE TO SPECIFIC JURISDICTIONS

- A. If the provisions of this Policy conflict with the laws of any jurisdictions in which this Policy applies, and if certain provisions are required by law to be stated in this Policy, this Policy will be read so as to eliminate such conflict or deemed to include such provisions for Insured Locations within such jurisdictions.
- B. “The Fund” will provide to the Insured copies of endorsements mandated for use by the laws of states in the United States of America. The endorsements may modify this Policy with respect to any insured property located in the state in which the endorsement applies.

3. MISREPRESENTATION AND FRAUD

This entire Policy will be void if, whether before or after a loss, an 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.
- B. made any attempt to defraud “The Fund”.
- C. made any false swearing.

4. 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 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 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. In the event this Policy is deemed to contribute with other insurance, the limit of liability applicable at each Location, for purposes of such contribution with other insurers, will be the latest amount described in this Policy or the latest Location value on file with “The Fund”.
- F. When this Policy includes property in more than one jurisdiction, separate policies underlying this Policy may be issued by “The Fund” in compliance with jurisdictional requirements. Such underlying policies will not be considered as additional insurance, but as duplicate insurance only.



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5. POLICY MODIFICATION

This Policy contains all of the agreements between the Insured and “The Fund” concerning this insurance. The Insured and “The Fund” may request changes to this Policy. This Policy can be changed only by endorsements issued by “The Fund” 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 Fund” from asserting any rights under the provisions of this Policy.

6. 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.

7. SUSPENSION

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

8. TITLES

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

9. EQUIPMENT BREAKDOWN JOINT LOSS AGREEMENT

- A. If there is direct physical loss or damage insured under this policy and also under an Equipment Breakdown policy and there is disagreement between the insurers with respect to:

- 1) whether such damage or destruction was caused by an “accident” insured against by such Equipment Breakdown policy or a Cause of Loss insured by this policy; or
- 2) The extent of participation of this policy and of such Equipment Breakdown policy in a loss which is insured against, partially or wholly, by any or all of said policies,

“The Fund” shall, upon written request from the Insured, pay to the Insured one-half of the amount of the loss which is in disagreement, but in no event more than “The Fund” would have paid if there had been no Equipment Breakdown policy in effect.

- B. This agreement subject to the following conditions:

- 1) The amount of the loss which is in disagreement, after making provisions for any undisputed claims payable under the policies and after the amount of the loss is agreed upon by “The Fund” and the provider of the Equipment Breakdown insurance is limited to the minimum amount remaining payable under either this policy or the Equipment Breakdown policy.
- 2) The Equipment Breakdown Insurer shall simultaneously pay to the Insured one-half of the amount of loss which is in disagreement.
- 3) The payments by “The Fund” and the Equipment Breakdown Insurer and acceptance of those sums by the Insured signify the agreement of “The Fund” and the Equipment Breakdown insurer to submit to and proceed with arbitration within 90 days of such payment.

There shall be three arbitrators, one of whom shall be appointed by “The Fund”, one of whom shall be appointed by the Equipment Breakdown Insurer and the third appointed by consent of the other two. The decision by the arbitrators shall be binding on “The Fund” and the Equipment Breakdown Insurer and judgment upon such award may be entered in any court of competent jurisdiction.

- a) “The Fund” agrees to cooperate in connection with but not to intervene in such arbitration.



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- b) The provisions of this agreement shall not apply unless such Equipment Breakdown policy has materially the same agreement in force at the time of the loss.
- c) Acceptance by “The Fund” of any payment under this agreement shall not alter, waive, surrender or in any way affect the rights the Insured has against the Equipment Breakdown Insurer.

Revised 05/2025





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Flood Exclusion Endorsement

This Endorsement Changes the Policy. Please Read It Carefully.

It is hereby agreed the following Policy Clause is deleted:

PROPERTY SECTION – B, 3. ADDITIONAL COVERAGES, M. FLOOD

All other terms, conditions and warranties remain unchanged.

Attached to and forming part of the Policy

Issued to: State Property Fire Insurance Fund (“The Fund”)

This Flood Exclusion Endorsement does not apply to locations listed below:

