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# Property Insurance Summary, 2012

Maine Risk Management

Maine General Services

Maine Administrative and Financial Services

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## PROPERTY POLICY SUMMARY<sup>1</sup>

<b>Insurer</b>	Travelers Insurance Company AND Risk Management Division (RMD)	
<b>Policy renewal date</b>	July 1 <sup>st</sup> of each year	
<b>Policy deductible</b>	\$2 million	Per occurrence for State
	\$3.5 million	Annual aggregate, then deductible drops from \$2m to \$100,000
	<b>\$500</b>	<b>Per occurrence for each insured agency</b>
<b>Insurance limit</b>	\$400 million per occurrence for State <b>Reported limit per location as reported to RMD by each insured agency</b>	
<b>Insurance sub limits (All per occurrence unless otherwise noted)</b>	\$50 million	Earthquake - aggregate per policy year
	\$50 million	Flood - aggregate per policy year
	\$50 million	Electronic data processing equipment, data and media
	\$25 million	Newly constructed or acquired building - for 120 days maximum
	\$10 million	Debris removal
	\$25 million	Builders risk (some additional sub limits apply)
	\$5 million	Piers and wharves
	\$150 million	Boiler and machinery (some additional sub limits apply)
	\$10 million	Accounts receivable
	\$10 million	Valuable papers
	\$10 million	Personal property of others
	\$5 million	Utility services
	for 60 days	Ingress and egress
	\$5 million	Fine arts
	\$10 million	Covered property at undisclosed locations - for 90 days maximum
	\$5 million	Covered property in transit
	\$10 million	Errors and omissions
	\$1 million	Outdoor property including debris removal
	\$1 million	Personal effects of employees and officers
	\$2.5 million	Covered property overseas
	\$5,000	Personal property of students - \$500,000 aggregate per year
	\$150 million	Business income, rental value and extra expense
	\$10 million	Unnamed locations, in any one occurrence
<b>Valuation</b>	This is a <b>replacement cost</b> (no depreciation) policy with a few exceptions. However, the policy will not pay more on a per loss basis than the lesser of: <ul style="list-style-type: none"><li>▪ The actual cost to repair, rebuild or replace - <b>at the same site</b> with other</li></ul>	

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<sup>1</sup> This summary is not an insurance policy and is not to be relied upon as such. The actual insurance policy is 85+ pages long and is available for review at Risk Management Division. This document represents an attempt to concisely provide and highlight certain aspects of that policy so that our insured agencies have an overview of the property coverage provided by Risk Management Division.

property of **comparable size, material, quality and function**; or

- The limit of insurance reported by the agency to Risk Management Division at that location.

**A loss will not be paid until the property is repaired, replaced or rebuilt.**

#### **Covered perils and exclusions**

This policy pays for **direct physical loss or damage** to covered property at reported locations **subject to certain exclusions**. The major exclusions are listed here, but are not all inclusive.

- Theft from the interior of a motor vehicle or a pickup bed where signs of forced entry do not exist
- Electrical injury or disturbance unless a surge protector was installed to protect the installed equipment from electrical injury
- Nuclear hazard, war, military action, certified acts of terrorism
- Computer virus, programming errors or omissions
- Collapse of buildings, unless caused by "specified causes of loss"<sup>2</sup>
- Wear and tear or depletion
- Rust, corrosion, erosion, fungus, decay, deterioration, wet or dry rot, mold, hidden or latent defect or any quality in the property that causes it to damage or destroy itself
- Settling, cracking, bulging or expansion
- Nesting or infestation or discharge of waste products or secretions by insects, birds, rodents or other animals
- Mechanical or machinery breakdown
- Dishonest or criminal acts of insureds and employees
- Rain, snow, sleet, dust or ice to property in the open
- Discharge of pollutants unless discharge itself caused by a covered peril
- Voluntary parting of property
- Accumulated effects of smog, smoke, vapor, liquid or dust
- Continuous or repeated seepage of water occurring over 14 days or more
- Audit or inventory shortage
- Faulty, inadequate or defective planning, zoning, development, surveying, siting, design, workmanship, repair, construction, renovation remodeling or maintenance.

#### **Vacant property coverage limitation**

If the building or leased premises where the loss occurred has been vacant<sup>3</sup> for more than 60 consecutive days before the loss occurs, the company will not pay

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<sup>2</sup> Specified causes of loss include fire, lightning, explosion, windstorm or hail, smoke, aircraft, vehicle, riot or civil commotion, vandalism, sinkhole collapse, falling objects, weight of snow, ice or sleet, water damage, weight of rain that collects on a roof, weight of people or personal property and other causes.

for losses caused by vandalism, sprinkler leakage, building glass breakage, water damage, and theft or attempted theft

**Outdoor property coverage limitation** Outdoor property<sup>4</sup> is covered only for losses caused by fire, lightning, explosion, riot or commotion, vandalism or malicious mischief or aircraft and vehicles.

#### COVERED PROPERTY<sup>5</sup>

##### Buildings and Structures Eligible for Coverage

The following types of structures are eligible for coverage under this property policy, but **each single structure must be specifically scheduled with RMD before property insurance is effective.**

- Buildings - including their ongoing additions and renovations, building fixtures, permanently attached machinery and equipment, and outdoor fixtures that are within 1000 feet of the building.<sup>6</sup>
- Outdoor fixtures
- Unattached sheds and outbuildings
- Gazebos
- Shelters
- Restrooms
- Mobile structures in place for more than 90 days
- Piers and wharves

##### Buildings and Structures NOT Eligible for Coverage

- New buildings under construction
- Buildings the State does not own, unless a lease requires the State to insure the building
- Buildings or structures that Risk Management Division deems uninsurable due to their condition.
- Bulkheads, pilings, docks, dikes, dams, canals, sea walls and vehicular bridges

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<sup>3</sup> Vacant means: when 90% or more of the square footage of the entire building is not rented or is not used to conduct customary operations; or when a unit or suite leased to a tenant does not contain enough business personal property to conduct customary operations.

<sup>4</sup> Outdoor property means retaining walls not part of a building, lawns, trees, shrubs, plants, bridges (excluding vehicular bridges), walks, roadways, patios or other paved surfaces.

<sup>5</sup> This is not an inclusive list, but a list of the common types of property we insure. A call should be made to Risk Management Division if you want to insure a type property that is not in these lists.

<sup>6</sup> Outdoor fixtures include such items as flagpoles, signs, fences, electrical/telephone poles, statues and monuments. It is assumed that these types of freestanding outdoor fixtures have poured concrete or equivalent permanent foundations. If such a fixture is valued at more than \$10,000, it should be separately scheduled. If it is not, the maximum claim payment for the fixture is limited to \$10,000. If an outdoor fixture, regardless of value, is located more than 1000 feet from the insured structure, it is not covered at all unless it is separately scheduled.

### **Business Personal Contents Eligible for Coverage**

The following categories of contents are eligible for coverage under this property policy. **Locations must be specifically scheduled with RMD before property insurance is effective.**<sup>7</sup>

- Furniture such as desks, filing cabinets, shelving, removable room partitions, chairs, tables, appliances, bookcases, coat racks, and beds.
- Fixtures not permanently attached
- Tenant improvements and betterments
- Electronic processing equipment such as desktop computers, laptops, servers, printers, specialized equipment
- Machinery and equipment such as fax and copy machines, portable generators, air conditioning and heater units, automotive equipment, laboratory or hospital equipment
- Stock
- Fine arts
- Outdoor property within 1000 feet of a building
- Other business property such as tools, books, papers, televisions, vcrs, projectors, tapes, videos, office and medical supplies, publications
- Student property (under certain conditions)
- Property of employees when used in the course and scope of business with a supervisor's prior knowledge and permission
- Property of others for which the State has agreed in writing to insure prior to any loss
- Valuable papers and accounts receivable

### **Property and Costs not Covered**

Items in italics may be specifically insured (upon request) on policies other than the property policy. Other items are not insurable.

- *Vehicles, trailers or self-propelled machines* that are licensed for use on public roads OR are operated principally away from the insured premise. This includes construction equipment, snowmobiles and all terrain vehicles
- *Aircraft*
- *Watercraft*
- Currency, deeds or other evidences of debt, money, notes, checks, drafts or securities
- Water
- Land, land improvements, grain, crops or timber
- The cost of excavations, grading, backfilling or filling
- Live animals or birds
- Bulkheads, pilings, docks, dikes, dams, canals, sea walls and vehicular bridges
- Underground tanks, pipes, flues, drains or tunnels, all whether or not connected to buildings<sup>8</sup>
- Any electronic data processing equipment which is obsolete or unused by the State

Summary as of 07/01/2012

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<sup>7</sup> There is an automatic 120 day coverage extension for newly constructed or acquired locations. There is limited transit coverage for business personal property temporarily away from a scheduled location.

<sup>8</sup> We have, however, specifically insured the tunnels located on the East Side Campus in Augusta and the tunnel between the State Capitol Building and the Burton Cross Office Building.