

# MUNICIPAL PROPERTY PROGRAM

## 1. Intent of Program.

- A. The intent of the Municipal Property Program is to cover insurable property and equipment, exclusive of motor vehicles and water vessels, which belongs to or is in the care, custody or control of a participating municipality and for which coverage has been applied and accepted by the Municipal Property Program.
- B. This Program covers all risks of direct physical loss of or damage to the property covered and listed on the Enumeration Schedule from any external cause except as excluded elsewhere herein.

## 2. Exclusions.

This Program does not cover:

- A. Indirect or consequential loss of any kind.
- B. Loss or damage caused by or resulting from wear and tear, gradual deterioration, mechanical breakdown, latent defect, insects, vermin, rodents, rust, corrosion, dampness of atmosphere or mold.
- C. Loss of cash, currency of any kind or valuable papers.

## 3. Valuation.

For the purpose of this coverage, property will be valued at the full cost to repair or replace the property after deduction for depreciation or as agreed to by the participating municipality and Program.

## 4. Conditions.

- A. When loss occurs, the participating municipality shall protect the property and further loss due to the participating municipality's failure to protect shall not be recoverable under this Program.
- B. When loss occurs, the participating municipality shall give notice thereof to the Program as soon as practicable and in

any case, not more than ten (10) days after the loss.

- C. The limit of the Program's liability for loss shall not exceed either: (1) the actual cash value of the property or if the loss is of a part thereof, the actual cash value of such part at the time of loss, or (2) what it would then cost to repair or replace the property or such part thereof with other of like kind and quality with deduction for depreciation, or (3) the applicable limit of liability stated on the Enumeration Schedule or (4) Twenty-five percent (25%) of the Program's available funds at the time of settlement except where the Municipal Property Program has made additional coverage(s) available. The Program may pay for the loss in money or may repair or replace the property or such part thereof as stated above or may return any stolen property with payment for any resulting damage thereto at any time before the loss is paid or the property is so replaced or may take all or such part of the property at the agreed or appraised value.
- D. This coverage applies only to direct and accidental losses to the participating municipality's property which is sustained during the coverage period and when such property described in this coverage is maintained and used as municipal property for proper municipal purposes under the direction or approval of officials in charge.
- E. Deductible Provision. In the event indemnity for loss is payable to the participating municipality, the amount paid will be reduced by the deductible amount of \$5,000, or in the case of flood or earthquake, \$100,000.
- F. The term of this agreement shall be for one year beginning and ending on the date set forth in the Enumeration Schedule executed by the parties and incorporated herein by reference. The execution

of subsequent enumeration schedules shall constitute extensions of this agreement for one-year periods designated therein. Certification by the Fire Chief that the property has been inspected by proper authorities for fire hazards and deficiencies addressed shall be required on the Annual Enumeration Schedule.

- G. Annual enumeration authorizes coverage for the property and equipment and contents listed on the Enumeration Schedule. Therefore, where replacement or additional property is acquired, it must be reported to the Program and appropriate pro-rata premium paid in order for coverage to be effective.
- H. The city or the Program may terminate this agreement by giving the other party thirty (30) days' notice in writing. Following cancellation by the Program, any refund will be computed pro-rata. Upon cancellation by the city, no refund will be made. In the event of termination of the Program, any or all assets, including real or personal property held or owned by the Program, shall be distributed to the participating municipalities on a pro-rata basis. Any property acquired or held for the Program shall be held in the name of the Municipal Property Program.
- I. The city shall cooperate with the Program in the investigation, settlement or defense of any claim or suit and shall not voluntarily make any payment, assume any obligation or incur any expense and shall cooperate in whatever manner necessary to determine liability or loss and facilitate settlement.
- J. The city shall immediately send the Program copies of any summons, notices or legal papers received in connection with the accident or loss.
- K. The Program is authorized to inspect and appraise the damaged property before its repair or disposition and shall have the

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- right of salvage when applicable.
- L. The liability for damages to covered property which is covered by one or more policies of insurance is not covered under this Program except that the Program will pay the excess over any such insurance policy which has coverages less than the payment limits set forth in this agreement up to such payment limits. In cases where this Program is secondary, losses paid by other policies may satisfy the deductible under this Program.
  - M. In the event of any payment under the terms of this agreement, the Program shall be subrogated to all of the participant's rights of recovery therefor against any person or organization.
  - N. The terms of this Program shall apply separately to each article listed on the Enumeration Schedule and each shall be held to be separate pieces of property as respects limits of liability including any deductible provisions.
  - O. No one has authority to verbally change any provisions of this Program. Any changes or endorsements must be in writing by a duly authorized representative of the Program.
  - P. The provisions of this Program and the coverage hereon can be afforded only to the covered municipality and assignments to any person or persons, firms or corporations or other entity will not be honored by the Program without written consent.
  - Q. The municipality enrolled in this Program agrees to pay into the Program each year a service charge established annually by the Program Administrator for property for which the municipality desires coverage. Such property must be listed annually on the Enumeration Schedule provided by the Program properly executed by an authorized official. Payment of the yearly charge by a municipality shall constitute

its agreement to and the acceptance of the provisions of this agreement.

- R. The Executive Director of the Arkansas Municipal League is hereby designated Program Administrator. The Program Administrator shall at least annually conduct a meeting for all cities participating in the Program to hear recommendations and comments pertaining to the terms and conditions of this agreement and the administration of the Program. The Program Administrator shall also submit a financial statement at each annual meeting. A committee of not more than seven (7) persons representative of participating cities may be selected at the annual meeting to govern the Program for the following year. The Program Administrator is authorized to employ such agents, attorneys, investigators and appraisers as he may deem necessary to administer the Program and to pay from the Program all costs and expenses of administration of the Program including compensation to the Program Administrator. This agreement is made for the benefit of the individual municipalities joined herein and no municipal official, employee or other person shall have any legally enforceable rights under this agreement against any municipality joined herein, the Program, Program Administrator, Program agents, Arkansas Municipal League or attorneys for any of the foregoing, whether as third-party beneficiaries or otherwise, this agreement being one solely between the municipalities joined herein. The funds and assets of the Program shall be separated from Arkansas Municipal League funds and assets and notwithstanding anything herein to the contrary, the League shall not be obligated directly or indirectly to pay any sum.

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