

STATE OF OKLAHOMA  
2004 - 2005  
ANNUAL STATEMENT OF PROPERTY INSURANCE  
(ALL AGENCIES EXCLUDING GRDA AND OMPA)

OFFERED BY  
DEPARTMENT OF CENTRAL SERVICES, RISK MANAGEMENT DIVISION

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## **POLICY FEATURES**

### **PROPERTY AND BOILER AND MACHINERY COVERAGE SUMMARY**

#### **1. DEDUCTIBLES:**

- a.** Property: per agency deductible, per occurrence
- b.** Self-insured Retention: \$1,000,000 each and every occurrence / \$2,500,000 annual aggregate. (\$100,000 maintenance deductible)
- c.** Boiler and Machinery: \$50,000.00 per occurrence

#### **2. LIMITS:**

- a.** The maximum limit in a single occurrence regardless of the number of locations or coverages involved will not exceed the Policy limit of \$1 billion. When a limit for a location or other specified property is shown, such limit will be the maximum amount payable for any loss or damage arising from physical loss or damage at such location or involving such other specified property.
- b.** If a lesser limit of liability is stated below or elsewhere in this statement of coverage, the lesser limit will apply.
- c.** Boiler and Machinery: \$100 million per accident.
- d.** Earthquake: Each Occurrence and Annual Aggregate \$100 million - This coverage does not apply to 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 there from, 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.
- e.** Flood: \$100 million each occurrence and Annual Aggregate, not to exceed \$5 million each occurrence and Annual Aggregate for property located in Flood Zone prefixed with "A."
- f.** Demolition and Increased Cost of Construction: Each Occurrence - \$75 million - In the event of loss or damage under this policy that causes the enforcement of any law, ordinance, governmental directive or standard regulating the construction, repair, use, or occupancy of property, the policy shall be liable for:
  - Cost of demolishing the undamaged property including the cost of clearing the site;
  - Proportion the value of the undamaged part of the property bore to the value of the entire property prior to loss;

- Increase cost of construction or reconstruction of the damaged and undamaged property on the same or another site. Cost is limited to the minimum requirements of such law or ordinance regulating the repair or reconstruction.
- g. Debris Removal:** \$5 million or 25% whichever is greater - This covers the reasonable and necessary costs incurred to remove debris from an insured location that remains as a direct result of insured physical loss or damage. The cost to remove damaged or downed outdoor plants is excluded unless the plants are on or in a covered structure.
- h. Errors and Omissions:** \$50 million - each and every occurrence - Any unintentional error or omission made by the Insured in the description of where insured property is located or to include a location in the Schedule of Locations or to report a newly acquired location, or that results in cancellation of an insured location under this policy, shall not void or impair the insurance hereunder provided the Insured reports such error or omission as soon as reasonably possible after discovery.
- i. Newly Acquired Property:** \$100 million - Subject to reporting within 90 days from date of purchase. This coverage does not apply to property insured in whole or in part by any other insurance policy.
- j. Extra Expense/Expediting Expense Combined:** \$25 million - each and every occurrence - This coverage 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.
- k. Accounts Receivable:** \$25 million - each and every occurrence - This coverage applies to any shortage in the collection of accounts receivable resulting from insured physical loss or damage to accounts receivable records.
- l. Transportation:** \$25 million - each and every occurrence - This coverage covers property owned by the State from the time the property leaves the original point for transit until it arrives at its destination within the continental United States. The property must have been reported to Risk Management for insurance coverage. Damage to the insured property must be from a covered peril, vehicle collision, upset or overturn. (Damage to the vehicle is not covered) Hail, water, theft or vandalism damage is excluded when the property is in the open, such as a flat bed trailer, or pickup bed. For theft or vandalism of the property to be covered, the property must be in a securely locked body or compartment of the vehicle, and there must be visible signs of forced entry.
- m. Valuable Papers:** \$50 million - This covers 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. There must be physical damage that is not excluded from coverage. Property that cannot be replaced with other of like kind and quality, unless specifically declared to Risk Management, is excluded.

- n. Service Interruption Property Damage & Time Element Combined as respects specified services interrupted - \$25 million - each and every occurrence not to exceed \$10 million for lack of telephone services. This covers insured physical loss or damage to insured property at an insured location 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 lack of outgoing sewage services by reason of any accidental occurrence to the facilities of the supplies of such service that immediately prevents in whole or in part the delivery of such usable service. This coverage will apply when the period of service interruption is in excess of 24 hours. If the interruption of service is the direct or indirect result of the insured's failure to comply with the terms and conditions of any contracts for supply of the service it is excluded. The insured must immediately notify the suppliers of services of any interruption of such services.
- o. Decontamination Expenses: \$25 million - each and every occurrence - If insured property is contaminated as a direct result of insured physical damage and there is in force at the time of the loss any law or ordinance regulating contamination, including but not limited to the presence of pollution or hazardous material, then this policy covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated insured property in a manner to satisfy such law or ordinance. This coverage applies only to that part of insured property so contaminated as a direct result of insured physical damage.
- p. Electronic Data Processing Media: \$15 million - each and every occurrence - This covers insured physical loss or damage to electronic data, programs or software.
- q. Professional Fees: \$5 million - each and every occurrence - Includes the actual costs incurred by the Insured, of reasonable fees payable to the Insured's accountants, architects, auditors, engineers, or other professional and the cost of using the Insured employees, for producing and certifying any particulars or details contained in the Insured's books or documents, or such other proofs, information or evidence required by the Insurer resulting from an insured loss payable for which the Insurer has accepted liability. Fees and costs of attorneys, public adjusters, loss appraisers and loss consultants who provide consultation on coverage or negotiate claims is excluded.
- r. Fine Arts: \$750,000.00 per object – subject to a maximum of \$5 million per occurrence - This covers physical loss or damage to Fine Arts articles while anywhere within the continental United States. This coverage excludes loss or damage if the Fine Arts cannot be replaced with other of like kind and quality. Each object must be reported to Risk Management along with the object's title, a brief description, and the insured value. Damage from any repairing, restoration, or retouching process is excluded.
- s. Land and Water Contamination: \$100 thousand Annual Aggregate - This covers the reasonable and necessary cost for the cleanup, removal and disposal of contaminants or pollutants from 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 physical loss or damage to insured property. The cost to cleanup, remove and dispose of contaminants or pollutants from property at any location insured for personal property only, any property insured under Automatic Coverage or Errors and Omissions or if the insured fails to provide written notice of the loss to Risk Management within 90 days after inception of the loss is excluded. The cost to test for, monitor or assess the existence, concentration or effects of pollutants or contamination is excluded.

- t. Gross Earnings: \$50 million - each occurrence, limited to the following agencies reporting values:
- Department of Animal Sciences at OSU
  - Transportation Services at OSU
  - Telecommunication Services at OSU
  - Student Union at OSU
  - Mailing Services at OSU
  - OU Health Science Center chilled water facility
  - OU Health Science Center Student Center
  - University of Central Oklahoma Wellness Center
  - University of Oklahoma Department of Athletics
- u. Tuition and Fees: \$50 million - each occurrence, limited to the following agencies reporting values:
- Northeastern Oklahoma A&M College, Miami, Oklahoma
  - Western Oklahoma State College, Altus, Oklahoma
  - Oklahoma City Community College, Oklahoma City, Oklahoma
- v. Each agency is limited to the amount of the replacement value reported to the insurers for property and time element. The reported values should include the replacement cost including any required code upgrades.
- w. Internal Labor and related expenses: Internal labor is limited to the amount for which contracted labor could complete the necessary repairs. Internal labor must be fully documented as specified by Risk Management. Regular hourly rate of pay is based on employee's base salary without benefits. An agency may claim fringe benefits for FICA and the State's share of retirement. Only actual labor time spent on claim related activities is reimbursable. It is the insured's responsibility to comply with all Federal and State laws regarding labor. It is the duty of the insured to provide Risk Management with the necessary documentation to establish values for claim settlement. Time spent to construct or gather claim documentation is excluded. Time spent in travel status to and from job sites or to pick up supplies is not reimbursable as labor time. An agency may claim travel expenses and they will be paid in accordance with the Oklahoma Travel Reimbursement Act in effect at the time of the claim related activity. Periods of rest, such as meal periods, are excluded from labor expenses. Meals are excluded from recovery unless they are paid in accordance with the Oklahoma Travel Reimbursement Act. In order to collect overtime, labor must be continuous on claim related activities for a period of over eight hours. Overtime may be paid at a rate of 1 1/2 times the regular hourly salary for any

continuous hours worked in excess of eight hours. Overtime cannot be collected if the agency did not pay overtime. Double time may be allowed for holidays and weekends if this is not a regular work period for the employee and the agency is required to pay double time. Internal equipment usage may be reimbursed at a rate for which the general public could reasonably be expected to pay for rental of the equipment. Reimbursement for internal equipment is limited to usage for covered items. Reusable tools or supplies purchased to complete internal repairs may be excluded and in no case reimbursed for more than one half the cost. Personal supplies or equipment for use by the employee (such as gloves, boots, insect spray, etc.) must be justified and may be excluded. In no case will more than one half the cost of personal items be paid.

- x. Fairways, Greens and Tees \$5 million - Must be reported to Risk Management for coverage to apply. Loss must be from a covered peril.

### **3. PROPERTY COVERED**

All real and personal property owned by the State and reported annually by the agencies to Risk Management. **If it is not reported it is not covered.** Any other insurance covering such property shall be primary with Risk Management's coverage being secondary. When reporting a claim to Risk Management, the agency must name any other insurance coverage applicable to the property.

### **4. COVERAGE AND VALUATION**

- a. All risks on a repair or replacement of like kind and quality basis (**shall not exceed the lesser of actual cost of repairs or the reported value**) for scheduled locations.
- b. Risk Management may at their discretion conduct on-site inspection. Risk Management reserves the right to require repair, upgrade and/or improvement. Failure to take the warranted action may result in notification of ACV status for building, roof, and contents until improvements and/or upgrades have been completed. All mobile equipment other than building equipment will be covered for the ACV value.
- c. If, upon inspection, it is determined that certain insured property should be placed on ACV status then **ACV status is immediate upon notification to your agency. It may also be determined as part of the loss investigation that such claim shall be settled utilizing the ACV of such insured property.**
- d. The recoverable cost for repairs to roofs is limited to amounts published in the statewide roofing contract at the time of the loss.

### **5. TIME ELEMENT (Gross Earnings)**

Actual loss sustained. **This coverage applies only to those Agencies reporting values and will be invoiced separate of your property insurance.**

## **6. EXCLUSIONS**

In addition to the following, each agency is limited to the amount of the replacement value reported to Risk Management:

Coverage excludes:

- a.** Currency, money, precious metal in bullion form, notes, securities, and jewelry.
- b.** Land, water, growing crops, standing timber, animals, sidewalks, roadways, and pavements. (Damage to indoor plants as a result of extreme temperatures or lack of proper care is not covered. In order to be covered, indoor plants must be damaged by a covered peril and cannot be considered a growing crop.)
- c.** All licensed vehicles, street and road equipment, aircraft and watercraft. Risk Management has a separate policy for aircraft. Mobile equipment, such as riding lawnmowers, golf carts, etc., must be reported as contents of a covered building in order for coverage to apply. ACV status applies to mobile equipment.
- d.** Dams, dikes, docks, piers, wharves or pilings, underground mines or mine shafts or any property within such mine or shaft.
- e.** Vacant property (If fire protection and watch service has been maintained on property after it becomes vacant and Risk Management has been notified immediately upon vacancy, then ACV status coverage may apply).
- f.** Indirect or remote loss or damage.
- g.** Interruption of business, except to those agencies who have reported values.
- h.** Loss of market or loss of use.
- i.** Loss or damage or deterioration arising from any delay.
- j.** Unexplained or mysterious disappearance of property, or loss or shortage disclosed on taking inventory. In order for theft to be covered there must be forcible entry and the insured must present a completed police report. Theft of state vehicles, lap top computers, mobile radios, cellular phones, palm pilots, and other small mobile computer, phone, or radio equipment is excluded.
- k.** Loss resulting from the voluntary parting with title or possession of property if induced by any fraudulent act or by false pretence.

- l.** Loss or damage directly or indirectly caused by or resulting from nuclear reaction or nuclear radiation or radioactive contamination. However, if physical damage by fire or sprinkler leakage results, then only that resulting damage is insured.
- m.** Loss or damage directly or indirectly caused by or resulting from hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack. (This exclusion does not apply to prison riot, insurrection, or rebellion.)
- n.** Loss or damage directly or indirectly caused by 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.
- o.** Infidelity or dishonesty of any officer or employee. Any dishonest act, including but not limited to theft, committed alone or in collusion with others, at any time by an insured or any director, trustee, board member, officer, or employee of an insured. Coverage does insure acts of direct insured physical damage intentionally caused by an employee of an insured when done without the knowledge of the insured. In no event is theft by any employee covered.
- p.** Lack of incoming electricity, fuel, water, gas, steam, refrigerant, outgoing sewerage, incoming or outgoing voice, data, or video, however, if lack of such service directly causes insured physical damage then only that damage is covered.
- q.** Electrical distribution and transmission lines and transformers, underground cable and related equipment (Transmission and Distribution lines are covered if they are State owned, have been reported to Risk Management for coverage, and are within 1000 feet of an insured structure.)
- r.** Against loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever. Nevertheless if a peril not excluded from this policy arises directly or indirectly from seepage and/or pollution and/or contamination any loss or damage insured under this policy arising directly from that peril shall (subject to the terms, conditions and limitations of the policy) be covered.
- s.** Munitions property stored at any Oklahoma Military Department location or while in transit.
- t.** Roads, bridges, highways, tunnels, guard rails, outdoor signs, trestles, canals, seawalls, piers, boardwalks, wharves, jetties, and similar property. However, bridges of the Oklahoma Transportation Authority are covered if reported.
- u.** Personal property of state employees at any facility and personal property of students at any State-owned College or University.

- v. Wear and tear, lack of maintenance, deterioration, rust, corrosion or erosion, fungus, mildew, mold, wet or dry rot, shrinkage, changes in color, flavor, texture or finish, damage by vermin, animals, or insects, inherent or latent defects.
- w. Faulty or negligent workmanship, material, construction or design.
- x. Settling, cracking, shrinking, bulging or expansion of foundations, walls, floors, pavements, walls, ceilings, or roofs unless loss or damage not otherwise excluded ensues and then this policy shall cover for such ensuing loss or damage.
- y. Loss or damage to the interior portion of buildings under construction or renovation 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.
- z. Damage to property that does not hinder the functional use of the property (commonly referred to as "cosmetic damage"), or does not decrease the life of the property may be excluded as determined by the Risk Management Administrator.
- aa. Date or Time Recognition by Electronic Data Processing Equipment or Media, and Remediation or Repair, in accordance with the following Definitions.

“Date or Time Recognition” means the recognition, interpretation, calculation, comparison, differentiation, sequencing, accessing or processing of data involving one or more dates or times, including the Year 2000.

“Electronic Data Processing Equipment or Media” means any computer, computer system or component, hardware, network, microprocessor, microchip, integrated circuit or similar devices or components in computer or non-computer equipment, operating systems, data, programs or other software stored on electronic, electro-mechanical, electro-magnetic data processing or production equipment, whether the property of the Insured or not.

- bb. Asbestos Exclusion: Only asbestos physically incorporated in an insured building or structure, and then only that part of the asbestos which has been physically damaged during the policy term by: fire, explosion, lightning, windstorm, hail, direct impact of vehicle, aircraft or vessel, riot or civil commotion, vandalism or malicious mischief, or accidental discharge of fire protective equipment is covered. The listed peril must be the immediate, sole cause of the damage to the asbestos. The insurance in respect of asbestos shall not include any sum relating to faults in the design, manufacture or installation of the asbestos or its design or workmanship. Asbestos not physically damaged by the listed peril is not covered.

**cc.** Terrorism is defined as:

Any act, involving the use or threat of: force, violence, dangerous conduct, interference with the operations of any business, government or other organization or institution, or any similar act,

When the effect or apparent purpose is:

- To influence or instill fear in any government (de jure or de facto) or the public, or any segment of either; or
- To further or to express support for, or opposition to, any political, religious, social, ideological or similar type of objective or position.

**dd.** Microorganism Exclusion: Any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to: mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including, but not limited to, any substance whose presence poses an actual or potential threat to human health is excluded. This exclusion applies regardless whether there is any physical loss or damage to insured property; any insured peril or cause, whether or not contributing concurrently or in any sequence; any loss of use, occupancy, or functionality; or, any action required, including, but not limited to, repair, replacement, removal, clean up, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

**This exhibit represents only major coverage conditions and exclusions and should not be deemed to represent the complete and total policy language or to replace or supersede it in any way.**

## **7. PERILS COVERED**

**a.** Fire

**b.** Lightning

**c.** Hail

1. Automobiles, mobile equipment, self-propelled machines are excluded.
2. Damage to property that is in the open, which was not designed to be in the open, other than the structure or items attached to the structure, is excluded.

**d.** Water, Ice

1. Damage to structures or contents from leakage of a roof that has been placed on ACV status prior to the loss or has been found, as part of a loss investigation, to have been in a deteriorated state at the time of the loss may be excluded as determined by the Risk Administrator, but in no instance more than ACV value.

2. Damage from rains, snow, ice, or sleet to property that was not designed to be in the open and has been left in the open is excluded.
  3. Water, other liquids, powder, or molten material that leaks or flows from plumbing, heating, air conditioning, or other equipment caused by or resulting from freezing, unless the insured does his/her best to maintain heat in the building or structure, or the insured drains the equipment and shuts off the supply if the heat is not maintained is excluded.
- e. Wind
- f. Burglary: Must be forcible entry and have a completed police report.
- g. Boiler and Machinery:
1. Boilers must have been reported to Risk Management.
  2. Boilers must have undergone inspections as required by the Oklahoma Department of Labor.
- h. 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 there from, 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.
- i. Earthquake: Physical loss or damage caused by or resulting from earth movement is covered. This additional coverage does not apply to 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 there from, 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. Earth movement is 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 of the policy. All earth movements within a continuous 72-hour period will be considered a single earth movement.
- j. Vandalism: Vacant property that has been vacant for more than 60 consecutive days before a loss is excluded if security and fire protection has not been maintained.
- k. Theft
1. Must be forcible entry and have a completed police report.
  2. Theft of contents in vacant property that has been vacant for more than 60 consecutive days is excluded if security has not been maintained.
  3. Risk Management must be notified immediately if a property becomes vacant.

## **8. DUTIES OF THE INSURED IN THE EVENT OF LOSS OR DAMAGE**

- a. Notify the police if a law is broken.
- b. **The loss must be reported to Risk Management by telephone within 24 hours of learning the occurrence of a loss.**
- c. **The loss must be reported to Risk Management in writing within three working days of first awareness of a loss** unless an extension of time is granted by Risk Management and the report shall include the following information:
  - 1. The time, date, and location of the loss. Include the county name, and the street address.
  - 2. The agency involved. Include the agency name and number.
  - 3. A description of the property damage. (Include generic numbers of the buildings, if known.)
  - 4. A brief description of the incident and how it occurred.
  - 5. An estimate of the amount of the loss.
  - 6. An employee's name, phone number, and title who may be contacted for inspection of the loss.
- d. In no event shall a loss be reported later than 90 calendar days from the date of the occurrence. **Coverage may be denied for incidents that were not reported within the 90-day limit.**
- e. The insured must take all reasonable steps to protect the covered property from further damage and to mitigate the loss. **Failure to protect exposed property from further damage in a timely manner may result in a separate incident, and/or loss, and a separate deductible, reduced recovery values, or denial of the additional damage.**
- f. At Risk Management's request, the insured must give complete inventories of the damaged and undamaged property, including quantities, costs, values, and amount of loss claimed.
- g. As often as may be reasonably required, permit Risk Management or its representatives to inspect the property for loss assessment or to examine the insured's books or records associated with the property.
- h. Permit Risk Management to take samples of damaged and undamaged property for inspection, testing and analysis.
- i. Cooperate with Risk Management in the investigation or settlement of the claim.

- j. Provide, upon request from Risk Management, copies of bid specifications for repairs or replacements prior to letting for bid. All bid specifications should be detailed and shall reflect repair or replacement of like kind and quality. Any additional upgrades must be bid as alternates.
- k. Provide Risk Management with all requested documentation to establish values for claim settlement.
- l. An agency must respond to a written request for information or documentation from Risk Management within ten working days of the date of the request. Failure of the agency to respond may result in denial of all or part of the item(s) in question.
- m. The insured is responsible to see that all repairs and/or replacements have been completed and a final claim submitted to Risk Management prior to two years from the date of the incident unless an extension has been requested by the insured and granted, in writing, by Risk Management. If a final claim has not been submitted to Risk Management, and an extension has not been granted prior to the two-year limit of the incident, Risk Management may deny or pay ACV for any outstanding portion of the claim.

## **9. EXTENT OF LOSS**

In most cases, Risk Management will provide the insured with a scope of repairs prepared by an adjuster or other qualified person. It is the responsibility of the insured to review the scope of repairs for correctness and completeness. If the insured is not in agreement with the scope of repairs provided by Risk Management, it is the responsibility of the insured to notify Risk Management in writing within 30 days of receipt of the scope of repairs of any disagreement or discrepancies. If the agency fails to notify Risk Management in writing of their disagreement with the scope of repairs within 30 days of the date it was provided to the agency, the claim will be adjusted in accordance with the scope of repairs. In the event that the claimant and Risk Management are unable to agree on the extent of the loss, either may make a written request to the other for an arbitration of the loss. In this event, each party will select a competent and disinterested appraiser, engineer, or other qualified expert to represent their position. The two representatives, with the consent of the parties they are representing, will select a third qualified expert to act as mediator. Each representative will state separately the extent of the loss. All exclusions and limitations in the Annual Statement of Coverage will apply to all parties. If the two representatives fail to agree, they will submit their differences to the mediator. A decision agreed to by any two will be binding. Each party will:

- a. Pay their chosen representative any costs associated with their assistance.
- b. Bear the expense of the mediator and any associated testing equally.

## **10. RECOVERED PROPERTY**

If either the insured or Risk Management recovers any lost or damaged property after a loss settlement, the party who recovered the property must give the other notice in writing within [2004-2005 State of Oklahoma Property Insurance Coverage](#)

ten days of recovery of the property. The property will then be returned to the insured and the insured must then return to Risk Management the amount Risk Management paid to the agency for said property. Recovery expenses and the expense to repair the recovered property will be a covered expense and will be deducted from the amount owed to Risk Management. If the property cannot be repaired, the salvage value of the property must be returned to Risk Management.

## **11. CLAIM PAYMENT**

The amount payable for each loss shall be determined by the Risk Management Administrator. Payment of claims shall be made as funds are available and upon the approval of the Risk Management Administrator. Final payment shall not be made until a loss affidavit and a release of all claims has been properly executed and the covered entity has complied with all procedures for claims as set forth in this Annual Statement of Coverage. On a loss where the property covered is to be replaced under the terms of the Annual Statement of Coverage, and a final settlement has been reached, the Administrator reserves the right to require that the covered entity be paid only that portion of the actual cash value of the property until the property suffering the loss has been put back whole. At that time, all remaining settlement funds will be released.

- a.** The Risk Management Division of the Department of Central Services shall:
  1. Acquire a release of all claims and a loss affidavit by the chief administrative officer or other authorized official of the agency where a loss has occurred; or
  2. Acquire an attestation from the chief administrative officer of the agency where a loss has occurred that the agency does not intend to replace the property loss and will accept ACV (actual cash value) in lieu of replacement; and,
  3. Forward a request for a warrant for either replacement value or actual cash value to be issued reflecting all approval(s) necessary under the rules and regulations contained in 580:25-11.
- b.** The Finance Division of the Department of Central Services shall:
  1. Review all documents and ensure that payment of the claim complies with all applicable procedures, rules, and laws; and,
  2. Issue a warrant, such warrant and subsequent endorsement serving as indicia for proof of payment of a property loss.

## BOILER & MACHINERY

### POLICY FEATURES

#### PROPERTY COVERAGE SUMMARY

**1. DEDUCTIBLES:**

\$50,000 damage to covered property including Business Income, Extra Expense, Ammonia Contamination, and Spoilage; and a 24 hour waiting period for Utility Interruption then \$50,000.

Breakdown means:

- a. The following direct physical loss that causes damage to “Covered Equipment” and necessitates its repair or replacement.
- b. Mechanical failure including rupture or bursting caused by centrifugal force; or
- c. Electrical failure including arcing; unless such loss or damage is otherwise excluded within the policy.

**2. COVERED CAUSE OF LOSS:** Covered Cause of Loss is a “Breakdown” to “Covered Equipment”

**3. PROPERTY DAMAGE:** \$100,000,000 Per Occurrence – Direct loss to “Covered Property” located at the premises

**4. BUSINESS INCOME/EXTRA EXPENSE (including Tuition and Fees):** Business Income and Extra Expense is included within the property Damage Limit. It is your actual loss of Business Income during the period of restorations and Extra Expense you necessarily incur to operate your business during the period of restoration.

**5. UNNAMED LOCATIONS:** \$10,000,000

**6. UTILITY INTERRUPTION:** \$5,000,000 – The interruption must be the direct result of a Breakdown to Covered Equipment owned, operated or controlled by the local private or public utility or distributor that directly generates, transmits, distributes or provides utility services which you receive. The Covered equipment is used to supply electric power, communication services, air conditioning, heating, gas, sewer, water, or steam to your premises.

7. **EXPEDITING EXPENSE:** \$10,000,000 –With respect to direct damage to Covered Property carrier will pay for the extra cost you necessarily incur to:
  - a. Make temporary repairs and
  - b. Expedite the permanent repairs or replacement of damage property
8. **AMMONIA CONTAMINATION:** \$5,000,000 – The spoilage to covered property contaminated by ammonia including any salvage expense.
9. **WATER DAMAGE:** \$5,000,000 – The damage to Covered Property by water including any salvage expenses, except no coverage applies to such damage resulting from leakage of a sprinkler system or domestic water piping.
10. **HAZARDOUS SUBSTANCES:** \$500,000 - Any additional expense incurred by you for the clean-up, repair, or replacement or disposal of Covered Property that is damage, contaminated or polluted by a Hazardous Substance.
11. **SPOILAGE DAMAGE:** \$5,000,000 – Payment for Spoilage damage to raw materials, property in process or finished products provided all of the following conditions are met:
  - a. The raw materials, property in process or finished products must be in storage or in the course of being manufactured;
  - b. You must own or be legally liable under written contract for the raw materials, property in process or finished products; and
  - c. The spoilage damage must be due to the lack or excess of power, light , heat, steam or refrigeration.
12. **DATA OR MEDIA:** \$500,000 – Your cost to research, replace or restore damaged Data or Media including the cost to reprogram instructions used in any Computer Equipment.
13. **ORDINANCE OR LAW:** \$10,000,000 – Increases in loss must be necessitated by enforcement of any laws or ordinances that are in force at the time of the breakdown, which regulate the demolition, construction, repair or use of the building or structure. With respect to the building or structure that was damaged as a result of the breakdown.
14. **NEWLY ACQUIRED PREMISES:** - \$10,000,000- Newly acquired premise are automatically provided coverage at newly acquired premises you have purchased or leased. *This coverage begins at the time you acquire the property and continues for a period not exceeding 60 Days.*
15. **ERRORS OR OMISSIONS:** \$10,000,000 – Will pay loss or damage, which is not otherwise payable under this coverage part solely because of the items listed below:
  - a. Any error or unintentional omission in the description or location of property as insured under this coverage part or in any subsequent amendments;

- b. Any failure through error to include any premises owned or occupied by you at the inception date of this coverage part; or
- c. Any error or unintentional omission by you that results in cancellation of any premises insured under this policy.

Questions and Loss Reporting: If you have questions or need assistance please contact:

**Risk Management Division  
Department of Central Services  
Will Rogers Building  
2401 N. Lincoln Blvd., Room 202  
P.O. Box 53364 (zip 73152)  
Oklahoma City, Oklahoma 73105  
Phone: (405) 521-4999  
Fax: (405) 522-4442**