

# OFFICE OF THE STATE TREASURER STATE PROPERTY INSURANCE COVERAGE

## Agency Claims

When a unit of State government seeks reimbursement from the State Insurance Trust Fund for an occurrence of loss, damage, or liability, the unit shall file its claim with the Treasurer within 60 days after the unit discovers the loss, damage, or liability. COMAR 25.02.06.01A

## Property Insured

1. loss of, or damage to, all real and personal property:
  - a) Owned by the State;
  - b) In which the State has an insurable interest;
  - c) Improvements and betterments to buildings or structures in which the State has an insurable interest. Such improvements and betterments shall be considered real property;
2. Property for which the State may be liable at law or under contract
3. Necessary and reasonable expense of removal from the Insured Locations of debris of Insured Property remaining as a result of direct physical loss or damage insured
4. The State has permission to cease business operations or to have any insured building remain vacant or unoccupied, provided that fire protection; security and alarm services are maintained. The insured building is considered vacant or unoccupied when it does not contain adequate insured property to conduct customary business operations, but this provision shall not apply to any time period when customary business operations are suspended due to circumstances that are usual to such business operations. It is understood and agreed that this clause will apply to any building valued \$20,000,000 or more. Note: The strongly suggests that heat be maintained in all vacant buildings to at least 55 degrees in the winter months to prevent pipes from bursting.

## Property Not Covered

1. Land (including land on which covered property is located), water, trees, shrubs, plants, lawns, timber or growing crops;
2. All buildings and structures, and additions to existing buildings and structures, during the course of construction, including supplies and materials;
3. Accounts, bills, currency, deeds, evidence of debt, money, notes or securities, stamps, furs, jewelry, precious metals, precious stones.
4. Export and import shipments after loading on board the watercraft and during ocean transit, but coverage will resume after the unloading at the destination port (in the USA, its territories and possessions, Puerto Rico, and Canada).

## Other Insurance

If there is other insurance coverage on the State property, the State Insurance Trust Fund will pay only for the amount of the covered loss or damage not covered by that other insurance.

### Coverage

State property, not insured under a commercial insurance policy, is covered under the State Insurance Trust Fund for risks of direct physical loss or damage, except those causes of loss listed in the Exclusions without territorial limitation.

#### *Exclusions*

1. The State Insurance Trust Fund will not pay for loss or damage *caused by or resulting from any of the following*:
  - a) Delay, loss of use, loss of market, indirect, remote or consequential loss.
  - b) Dishonest, fraudulent, or criminal acts by any State employee, acting alone or in collusion with others, whether or not occurring during the hours of employment.
  - c) Theft, mysterious disappearance or loss or shortage disclosed on taking inventory or any unexplained loss.
  - d) Voluntary parting with title or possession of any property, including voluntary parting which is the result of larceny, false pretenses, or any other similar act.
  - e) Improper preparation for shipment, or insecure stowage of property in, or on a State vehicle, or vehicle loaned, rented or leased to the State.
  
2. The State Insurance Trust Fund will not pay for loss or damage *caused by or resulting from any of the following, but if loss or damage by a covered cause of loss results, we will pay for that resulting loss or damage*.
  - a) Wear and tear or gradual deterioration.
  - b) Rust, corrosion, mold, fungus, decay, deterioration, hidden or latent defect, or any quality in the property that causes it to damage or destroy itself.
  - c) Settling, cracking, shrinking or expansion of pavements, foundations, walls, floors or ceilings.
  - d) Insects, birds, rodents, or other animals.
  - e) Mechanical or machinery breakdown, including rupture or bursting caused by centrifugal or reciprocating force.
  - f) Artificially generated electric current, including electric arcing, that injures or disturbs electrical devices, appliances or wires.
  - g) Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
    - 1) Every effort is made to maintain heat in the building or structure, or
    - 2) The equipment is drained, and the water supply is shut off, if the heat is not maintained.
  - h) Marring or scratching of personal property.

- i) Acts or decisions, including failure to act or decide, of any person, group organization or other governmental body.
- j) Faulty, inadequate or defective:
  - 1) Planning, zoning, development, surveying, siting.
  - 2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction.
  - 3) Materials used in repair, construction, renovation or remodeling.
  - 4) Maintenance.
- k) Water that backs up from a sewer or drain, or water under the ground surface pressing on, or flowing or seeping through:
  - 1) Foundations, walls, floors or paved surfaces.
  - 2) Basements, whether paved or not.
  - 3) Doors, windows or other openings.

3. The State Insurance Trust Fund will not pay for loss or damage *caused directly, or indirectly, by any of the following. Such loss or damage is excluded, regardless of any other cause or event that contributes concurrently, or in any sequence to the loss.*

- a) Mine subsidence, but if loss or damage by fire or explosion results, the State Insurance Trust Fund will pay for that resulting loss or damage.
- b) Power Failure - The failure of power or other utility service supplied to the premises, however caused, if the failure occurs away from the premises. But if loss or damage by a covered cause of loss results, we will pay for that resulting loss or damage.
- c) Ordinance or law The enforcement of any ordinance or law.
  - 1) Regulating the construction, use or repair of any property.
  - 2) Requiring the tearing down of any property, including the cost of removing its debris.
- d) Governmental Action Seizure or destruction of property by order of governmental authority. But the State Insurance Trust Fund will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would normally be covered.
- e) Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss.

However:

- 1) If fire not otherwise excluded ensues, the Company shall be liable for direct physical loss or damage by such ensuing fire, but not including any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination; and
- 2) This Policy does insure against loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Insured premises.

f) War, hostile or warlike action in time of peace or war, whether or not declared, including action in hindering, combating, or defending against an actual, impending, or expected attack:

- 1) By any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces; or
- 2) By military, naval, or air forces; or
- 3) By an agent of any such government, power, authority, or force;
- 4) Any weapon of war employing atomic fission or radioactive force, whether in time of peace or war, whether or not its discharge was accidental; or
- 5) Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering combating, or defending against such Occurrence, seizure or destruction;

4. The State Insurance Trust Fund will not pay for loss or damage *caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of pollutants.*

- a) Involving property while in transit, or
- b) On the premises of State property, unless the discharge, dispersal, seepage, migration, release or escape is itself caused by fire, lightning, explosion, windstorm or hail, smoke, aircraft or vehicles, riot or civil commotion, vandalism, leakage from fire extinguishing equipment, sinkhole collapse, falling objects, weight of snow, ice or sleet, or water damage. But if loss or damage by any of the above specified causes of loss results, the State Insurance Trust Fund will pay for that resulting loss or damage.

5. The State Insurance Trust Fund will not pay for loss or damage *or consequential loss directly or indirectly caused by, consisting of, or arising from the following:*

Any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility,

- a) Any corruption, destruction, distortion, erasure or other loss or damage to data, software, or any kind of programming or instruction set,
- b) Loss of use or functionality, whether partial or entire, of data, coding, program,