



## ARIZONA MUNICIPAL RISK RETENTION POOL MUNICIPAL AUTO COVERAGE FORM

Various provisions in this Coverage Agreement restrict coverage. Read the entire Coverage Agreement carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Part:

1. "Pool" refers to the Arizona Municipal Risk Retention Pool;
2. "Member" refers to the Member(s) shown in the Municipal Liability Declarations; and
3. "Covered Entity" refers to any person or organization qualifying as such under the Who Is Covered Section of each Coverage.

Words and phrases that appear in quotation marks have special meaning. Refer to Section VII – Definitions.

### SECTION I – COVERED AUTOS

Item 4. of the Municipal Auto Declarations shows the "autos" that are covered "autos" for each of the Member's coverages. The following numerical symbols describe the "autos" that may be covered "autos". The symbols entered next to a coverage on the Municipal Auto Declarations designate the only "autos" that are covered "autos".

#### Exhibit 1.A. – Description of Covered Auto Designation Symbols

Symbols	Description Of Covered Auto Designation Symbols	
1	Any "Auto"	
2	Owned "Autos" Only	Only those "autos" the Member owns (and for Municipal Auto Liability Coverage any "trailers" the Member doesn't own while attached to power units the Member owns). This includes those "autos" the Member acquires ownership of after the "rating period" begins.
3	Specifically Described "Autos"	Only those "autos" described in Item 4. of the Municipal Auto Declarations or the attached Auto Schedule (and for Municipal Auto Liability Coverage any "trailers" the Member doesn't own while attached to any power unit described in Item 4. or the attached Auto Schedule).
4	Hired "Autos" Only	Only those "autos" the Member leases, hires, rents or borrows. This does not include any "auto" the Member leases, hires, rents or borrows from any of the Member's officials or "employees" or residents of their households.
5	Nonowned "Autos" Only	Only those "autos" the Member does not own, lease, hire, rent or borrow that are used in connection with the Member's municipal operations. This includes "autos" owned by the Member's officials or "employees" or residents of their households but only while used in the Member's municipal activities.

#### A. DESCRIPTION OF COVERED AUTO DESIGNATION SYMBOLS

The descriptions of the covered auto designation symbols are found in Exhibit 1.A. below.

#### B. OWNED AUTOS ACQUIRED AFTER THE RATING PERIOD BEGINS

1. If Symbol 1 or 2 is entered next to a coverage in Item 4. of the Municipal Auto Declarations, then the Member has coverage for "autos" the Member acquires of the type described for the remainder of the "rating period".
2. But, if Symbol 3 is entered next to a coverage in Item 4. of the Municipal Auto Declarations, an "auto" the Member acquires will be a covered "auto" for that coverage only if:
  - a. The Pool already covers all "autos" that the Member owns for that coverage or it replaces an "auto" the Member previously owned that had that coverage; and
  - b. The Member tells the Pool within 30 days after acquiring it that the Member wants the Pool to cover it for that coverage.



### C. CERTAIN TRAILERS, MOBILE EQUIPMENT AND TEMPORARY SUBSTITUTE AUTOS

If Municipal Auto Liability Coverage is provided by this Coverage Part, the following types of vehicles are also covered "autos" for Municipal Auto Liability Coverage:

1. "Trailers" with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. "Mobile equipment" while being carried on or towed by a covered "auto".
3. Any "auto" the Member does not own while used with the permission of its owner as a temporary substitute for a covered "auto" the Member owns.

## SECTION II – MUNICIPAL AUTO LIABILITY COVERAGE

### A. COVERAGE

1. The Pool will pay all sums a Covered Entity legally must pay as "damages" because of "bodily injury" or "property damage" to which this coverage applies, caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto".

The Pool has the right and duty to defend the Covered Entity against a "suit" asking for such "damages". However, the Pool has no duty to defend the Covered Entity against a "suit" seeking "damages" for "bodily injury" or "property damage" to which this coverage does not apply. The Pool may investigate and settle any "claim" or "suit" as the Pool considers appropriate. The Pool's duty to defend or settle ends when the Limit Of Coverage for Municipal Auto Liability has been exhausted by payment of judgments or settlements.

#### 2. Who Is Covered

- a. For any covered "auto", the city, town or other governmental body or entity named as the Member in the Declarations.

Unless specifically named in the Declarations, Member does not include:

- (1) A gas, airport, electrical, or steam utilities commission;
- (2) A port authority, housing and re-development authority, economic development authority, area or municipal redevelopment authority, or similar agency;

- (3) A municipal power agency or municipal gas agency;
- (4) A hospital or nursing home board or commission;
- (5) A welfare or public relief agency;
- (6) A school board; or
- (7) A "joint venture", except as provided in Paragraph 2.b.(1) below.

#### b. Each of the following is also a Covered Entity:

- (1) Any elected or appointed official or "employee" of the Member, while acting within the scope of their duties on behalf of:
  - (a) The Member; or
  - (b) Another governmental entity pursuant to a mutual aid agreement;

for any covered "auto" unless the covered "auto" is owned by that official or "employee" or a member of his or her household.

- (2) Anyone else while using with the Member's permission a covered "auto" the Member owns, hires or borrows except:
  - (a) The owner or anyone else from whom the Member hires or borrows a covered "auto". This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" the Member owns.
  - (b) Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is the Member's.
  - (c) Anyone other than the Member's "employees", or a lessor or borrower or any of their "employees", while moving property to or from a covered "auto".

- (3) Anyone liable for the conduct of a Covered Entity described above but only to the extent of that liability.

However, no one is a Covered Entity while operating a vehicle if that person:

- (1) Is under the minimum age to obtain a driver's license;
- (2) Does not have a valid driver's license;



- (3) Has a suspended or revoked driver's license; or
- (4) Has a restricted driver's license and is operating a vehicle beyond the scope of such restriction.

### 3. Supplementary Payments

The Pool will pay, with respect to any "claim" the Pool investigates or settles or any "suit" against a Covered Entity the Pool defends:

- a. All expenses the Pool incurs.
- b. Up to \$250 for the cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" the Pool covers. The Pool does not have to furnish these bonds.
- c. The cost of bonds to release attachments in any "suit" against the Covered Entity the Pool defends, but only for bond amounts within the Limit Of Coverage. The Pool does not have to furnish these bonds.
- d. All reasonable expenses incurred by the Covered Entity at the Pool's request, including actual loss of earnings up to \$100 a day because of time off from work.
- e. All costs taxed against the Covered Entity in any "suit" against the Covered Entity the Pool defends.
- f. Prejudgment interest awarded against the Covered Entity on that part of the judgment the Pool pays. If the Pool makes an offer to pay the applicable Limit Of Coverage, the Pool will not pay any prejudgment interest based on that period of time after the offer
- g. All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" against the Covered Entity the Pool defends, but the Pool's duty to pay interest ends when the Pool has paid, offered to pay or deposited in court the part of the judgment that is within the Limit Of Coverage.

### 4. Out-Of-State Coverage Extension

While a covered "auto" is away from the state where it is licensed, the Pool will provide the minimum amounts and types of coverages such as no-fault required of out-of-state vehicles by the jurisdiction where the covered "auto" is being used.

The Pool will not pay anyone more than once for the same elements of "loss" because of this Extension.

## B. EXCLUSIONS

This coverage does not apply to any of the following:

### 1. Care, Custody Or Control

"Property damage" to property owned or transported by a Covered Entity or in the Covered Entity's care, custody or control. But this Exclusion does not apply to:

- a. Liability assumed under a sidetrack agreement; or
- b. "Property damage" to a residence or private garage caused by a "private passenger auto".

### 2. Contractual

Liability assumed under any contract or agreement.

But this Exclusion does not apply to liability for "damages":

- a. Assumed in a contract or agreement that is a "covered contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; or
- b. That the Covered Entity would have in the absence of the contract or agreement.

### 3. Employee Indemnification And Employer's Liability

"Bodily injury" to:

- a. An "employee" of the Covered Entity arising out of and in the course of:
  - (1) Employment by the Covered Entity; or
  - (2) Performing the duties related to the conduct of the Covered Entity's municipal activities; or
- b. The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph a. above.

This Exclusion applies:

- a. Whether the Covered Entity may be liable as an employer or in any other capacity; and



- b. To any obligation to share “damages” with or repay someone else who must pay “damages” because of the injury.

This Exclusion does not apply to:

- a. Liability assumed by the Covered Entity under a “covered contract”; or
- b. “Bodily injury” to domestic employees not entitled to workers compensation benefits.

#### 4. Expected Or Intended Injury

“Bodily injury” or “property damage” expected or intended from the standpoint of the Covered Entity.

#### 5. Fellow Employees

“Bodily injury” to any fellow “employee” of the Covered Entity arising out of and in the course of the fellow “employee’s” employment or while performing duties related to the conduct of the Covered Entity’s municipal activities.

#### 6. Handling of Property

“Bodily injury” or “property damage” resulting from the handling of property:

- a. Before it is moved from the place where it is accepted by the Covered Entity for movement into or onto the covered “auto”; or
- b. After it is moved from the covered “auto” to the place where it is finally delivered by the Covered Entity.

#### 7. Movement Of Property By Mechanical Device

“Bodily injury” or “property damage” resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered “auto”.

#### 8. Operations

“Bodily injury” or “property damage” arising out of the operation of any equipment listed in Paragraphs f.(2) and f.(3) of the definition of “mobile equipment”.

#### 9. Pollution

- a. “Damages” for which a Covered Entity would not have been liable in whole or in part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of “pollutants” at any time.
- b. Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any Covered Entity or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, “pollutants”; or

- (2) “Claim” or “suit” by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, “pollutants”.

#### 10. Racing

Covered “autos” while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. This coverage also does not apply while that covered “auto” is being prepared for such a contest or activity.

#### 11. War And Military Action

“Bodily injury” or “property damage” due to:

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

#### 12. Workers’ Compensation

Any obligation for which a Covered Entity or the Pool may be held liable under any workers’ compensation, disability benefits or unemployment compensation law or any similar law.

### C. LIMIT OF COVERAGE

Regardless of the number of covered “autos”, Covered Entities, membership fees paid, “claims” made or vehicles involved in the “accident”, the most the Pool will pay for the total of all “damages” resulting from any one “accident” is the limit Of Coverage for Municipal Auto Liability shown in the Municipal Auto Declarations.



All “bodily injury” and “property damage” resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one “accident”.

No one will be entitled to receive duplicate payments for the same elements of “loss” under this coverage and any Medical Payments Coverage, Uninsured Motorists Coverage or Underinsured Motorists Coverage included in this Coverage Part.

**D. DEDUCTIBLE**

The Pool’s obligation to pay “damages” on the Covered Entity’s behalf applies only to the amount of “damages” in excess of any Deductible stated in the Municipal Auto Declarations.

The Municipal Auto Liability Deductible amount applies to all “damages” as the result of any one “accident”, regardless of the number of persons or organizations who sustain “damages” because of that “accident”.

To settle any “claim” or “suit”, the Pool may pay all or part of any Deductible shown in the Municipal Auto Declarations. If this happens, the Member must reimburse the Pool for the Deductible or the part of the Deductible the Pool paid.

**SECTION III – MUNICIPAL AUTO MEDICAL PAYMENTS COVERAGE**

**A. COVERAGE**

1. The Pool will pay reasonable expenses incurred for necessary medical and funeral services to or for a Covered Entity who sustains “bodily injury” caused by “accident”. The Pool will pay only those expenses incurred for services rendered within three years from the date of the “accident”.

**2. Who Is Covered**

Anyone “occupying” a covered “auto” or a temporary substitute for a covered “auto”. If the “auto” is a temporary substitute, the covered “auto” must be out of service because of breakdown, repair, servicing, “loss” or destruction.

**B. EXCLUSIONS**

This coverage does not apply to any of the following:

1. “Bodily injury” sustained by a Covered Entity while “occupying” a vehicle located for use as a premises.

- 2. “Bodily injury” to the Member’s “employee” arising out of and in the course of employment by the Member.
- 3. “Bodily injury” caused by declared or undeclared war or insurrection or any of their consequences.
- 4. “Bodily injury” to anyone using a vehicle without a reasonable belief that the person is entitled to do so.
- 5. “Bodily injury” sustained by a Covered Entity while “occupying” any covered “auto” while used in any professional racing or demolition contest or stunting activity, or while practicing for such contest or activity. This coverage also does not apply to any “bodily injury” sustained by the Covered Entity while the “auto” is being prepared for such a contest or activity.

**C. LIMIT OF COVERAGE**

Regardless of the number of covered “autos”, Covered Entities, membership fees paid, “claims” made or vehicles involved in the “accident”, the most the Pool will pay for “bodily injury” for each Covered Entity injured in any one “accident” is the Limit Of Coverage for Municipal Auto Medical Payments shown in the Declarations.

No one will be entitled to receive duplicate payments for the same elements of “loss” under this coverage and the Municipal Auto Liability Coverage, Uninsured Motorists Coverage, or Underinsured Motorists Coverage included in this Coverage Part.

**SECTION IV – UNINSURED AND UNDERINSURED MOTORISTS COVERAGE**

**A. COVERAGE**

1. The Pool will pay all sums a Covered Entity is legally entitled to recover as compensatory “damages” from the owner or driver of an “uninsured motor vehicle” or “underinsured motor vehicle”. The “damages” must result from “bodily injury” sustained by a Covered Entity caused by an “accident”. The owner’s or driver’s liability for these damages must result from the ownership, maintenance or use of the “uninsured motor vehicle” or “underinsured motor vehicle”.

Any judgment for “damages” arising out of a “suit” brought without the Pool’s written consent is not binding on the Pool.



## 2. Who Is Covered

- a. Anyone occupying a covered "auto" or a temporary substitute for a covered "auto". If the "auto" is a temporary substitute, the covered "auto" must be out of service because of breakdown, repair, servicing, "loss" or destruction.
- b. Anyone for "damages" he or she is entitled to recover because of "bodily injury" sustained by another Covered Entity.

## B. EXCLUSIONS

This coverage does not apply to any of the following:

1. Punitive or exemplary damages.
2. Any claim settled without the Pool's consent.
3. The direct or indirect benefit of any insurer or self-insurer under any workers' compensation, disability benefits or similar law.
4. Anyone using a vehicle without a reasonable belief that the person is entitled to do so.
5. "Bodily injury" sustained by a Covered Entity or any Covered Entity's "family member" while "occupying" or struck by any vehicle owned by any Covered Entity or "family member" which is not a covered "auto".

## C. LIMIT OF COVERAGE

1. Regardless of the number of covered "autos", Covered Entities, membership fees paid, "claims" made or vehicles involved in the "accident", the most the Pool will pay for all "damages" resulting from any one "accident" is the Limit Of Coverage for Uninsured/Underinsured Motorists shown in the Declarations.
2. No one will be entitled to receive duplicate payments for the same elements of "loss" under this coverage and any Liability Coverage or Medical Payments Coverage included in this Coverage Part.

The Pool will not:

- a. Make a duplicate payment under this coverage for any element of "loss" for which payment has been made by or for anyone who is legally responsible, including all sums paid under the Municipal Liability Coverage; or

- b. Pay for any element of "loss" for which a Covered Entity is entitled to receive payment under any workers' compensation, disability benefits or similar law.

## SECTION V - PHYSICAL DAMAGE COVERAGE

### A. COVERAGE

1. The Pool will pay for "loss" to a covered "auto" or its equipment under:

#### a. Comprehensive Coverage

From any cause except:

- (1) The covered "auto's" collision with another object; or
- (2) The covered "auto's" overturn.

#### b. Specified Causes Of Loss Coverage

Caused by:

- (1) Fire, lightning or explosion;
- (2) Theft;
- (3) Windstorm, hail or earthquake;
- (4) Flood;
- (5) Mischief or vandalism; or
- (6) The sinking, burning, collision or derailment of any conveyance transporting the covered "auto".

#### c. Collision Coverage

Caused by:

- (1) The covered "auto's" collision with another object; or
- (2) The covered "auto's" overturn.

### 2. Glass Breakage – Hitting A Bird Or Animal – Falling Objects Or Missiles

If the Member carries Comprehensive Coverage for the damaged covered "auto", the Pool will pay for the following under Comprehensive Coverage:

- a. Glass breakage;
- b. "Loss" caused by hitting a bird or animal; and
- c. "Loss" caused by falling objects or missiles.



However, the Member has the option of having glass breakage caused by a covered "auto's" collision or overturn considered a "loss" under Collision Coverage.

## **B. EXCLUSIONS**

1. The Pool will not pay for "loss" caused by or resulting from any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

### **a. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

### **b. War And Military Action**

- (1) War, including undeclared or civil war.
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. The Pool will not pay for "loss" to any covered "auto" while used in any professional or organized racing or demolition contest or stunting activity or while practicing for such contest or activity. The Pool will also not pay for "loss" to any covered "auto" while that covered "auto" is being prepared for such a contest or activity.

3. The Pool will not pay for "loss" caused by or resulting from any of the following unless caused by other "loss" that is covered by this coverage:

- a. Wear and tear, freezing, mechanical or electrical breakdown;
- b. Blowouts, punctures or other road damage to tires.

4. The Pool will not pay for "loss" to any of the following:

- a. Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.

- b. Any device designed or used to detect speed measuring equipment such as radar or laser detectors and any jamming apparatus intended to elude or disrupt speed measurement equipment.
- c. Any electronic equipment, not permanently installed, that receives or transmits audio, visual or data signals.
- d. Any accessories used with the electronic equipment described in Paragraph c. above.

Exclusions 4.c. and 4.d. do not apply to:

- a. Equipment designed to receive or transmit audio, visual or data electronic signals, and any accessories used with such equipment, provided such equipment is permanently installed in the covered "auto" at the time of the "loss" or such equipment is removable from a housing unit which is permanently installed in the covered "auto" at the time of the "loss", and such equipment is designed to be solely operated by use of the power from the "auto's" electrical system, in or upon the covered "auto"; or

- b. Any other electronic equipment that is:

- (1) Necessary for the normal operation of the covered "auto" or the monitoring of the covered "auto's" operating system; or
- (2) An integral part of the same unit housing any equipment described in a. above and permanently installed in the opening of the dash or console of the covered "auto" normally used by the manufacturer for installation of a radio.

5. The Pool will not pay for "loss" to a covered "auto" due to "diminution in value".

## **C. LIMIT OF COVERAGE**

1. The most the Pool will pay for "loss" in any one "accident" is the lesser of:

- a. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
- b. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.



2. In the event of a total "loss" to a covered "auto", the Pool will pay the greater of:

- a. The amount payable under Paragraph 1., above; and
- b. Any unpaid amount due on the base or loan for the covered "auto", less any:
  - (1) Overdue lease/loan payments at the time of the "loss";
  - (2) Financial penalties imposed under a lease for excessive use, abnormal wear and tear or high mileage;
  - (3) Security deposits not returned by the lessor;
  - (4) Costs for extended warranties, Credit Life Insurance, Health, Accident or Disability Insurance purchased with the loan or lease; and
  - (5) Carry-over balances from previous loans or leases.

An adjustment for depreciation and physical condition will be made in determining the actual cash value at the time of the total "loss".

A total "loss" means a "loss" in which the cost of repairs plus the salvage value exceeds the actual cash value.

Paragraph 2.b. applies only to the original lease or loan written on the covered "auto".

#### **D. DEDUCTIBLE**

For each covered "auto", the Pool's obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable Deductible shown in the Auto Schedule.

#### **SECTION VI – MUNICIPAL AUTO CONDITIONS**

The following conditions apply in addition to the Common Conditions:

##### **A. Appraisal For Physical Damage Loss**

If the Covered Entity and the Pool disagree on the amount of "loss", either may demand an appraisal of the "loss". In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the actual cash value and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If the Pool submits to an appraisal, the Pool will still retain the right to deny the claim.

##### **B. Arbitration**

With respect to Section IV – Uninsured And Underinsured Motorists Coverage:

1. If the Pool and a Covered Entity disagree whether the Covered Entity is legally entitled to recover "damages" from the owner or driver of an "uninsured motor vehicle" or do not agree as to the amount of "damages" that are recoverable by that Covered Entity, then the matter may be arbitrated. Either party may make a written demand for arbitration.

The Covered Entity and the Pool will jointly select a single arbitrator. If they cannot agree upon an arbitrator within 30 days, the single arbitrator will be selected in one of the following ways, in the following sequence:

- a. The Covered Entity and the Pool shall each submit the names of five acceptable arbitrators to the other party. If the same name appears on both lists, that person shall act as the arbitrator.
  - b. The Covered Entity and the Pool shall each select an arbitrator. The two arbitrators shall select a third who will act as the arbitrator for the dispute.
  - c. If the Covered Entity and the Pool cannot agree to a single arbitrator under Paragraphs a. and b. above, the arbitrator shall be selected by a judge of a court having jurisdiction.
2. Unless the Covered Entity and the Pool agree otherwise, arbitration shall take place in the county in which the Covered Entity resides. Local rules of law as to arbitration procedure and evidence shall apply. Each party shall pay the expense it incurs to select an arbitrator and bear the arbitrator's expenses equally.



3. The arbitrator shall have no authority to award an amount in excess of the Limit Of Coverage for Uninsured/Underinsured Motorists shown in the Declarations of this Coverage Part.

### **C. Bankruptcy**

Bankruptcy or insolvency of the Covered Entity or the Covered Entity's estate will not relieve the Pool of any obligations under this Coverage Part.

### **D. Coverage Period And Coverage Territory**

Under this Coverage Part, the Pool covers "accidents" and "losses" occurring:

1. During the "rating period"; and
2. Within the Coverage Territory.

The Coverage Territory is:

1. The United States of America (including its territories and possessions);
2. Puerto Rico; and
3. Canada.

The Pool also covers "loss" to or "accidents" involving a covered "auto" while being transported between any of these places.

### **E. Duties In The Event Of Accident, Claim, Suit Or Loss**

The Pool has no duty to provide coverage under this Coverage Part unless there has been full compliance with the following duties:

1. In the event of "accident", "claim", "suit" or "loss", the Member must give the Pool or any of its authorized representatives prompt notice of the "accident" or "loss", including:
  - a. How, when and where the "accident" or "loss" occurred;
  - b. Details sufficient to identify the Covered Entity; and
  - c. To the extent possible, the names and addresses of any injured persons and witnesses.
2. Additionally, the Member and any other involved Covered Entity must:
  - a. Assume no obligation, make no payment and incur no expense other than for first aid to others without the Pool's consent except at the Covered Entity's own cost.

- b. Immediately send the Pool copies of any request, demand, order, notice, summons or legal paper received concerning the "claim" or "suit".

- c. Cooperate with the Pool in the investigation or settlement of the "claim" or defense against the "suit", including, but not limited to:

- (1) Attending hearings and trials; and
- (2) Assisting in the gathering of evidence and obtaining of witness statements.

- d. Authorize the Pool to obtain medical records or other pertinent information.
- e. Submit to examination, at the Pool's expense, by physicians of the Pool's choice, as often as the Pool reasonably requires.
- f. Promptly take, at the Covered Entity's own expense, all reasonable steps to prevent any additional injury or damage from arising out of the same or similar conditions.

3. In the event of an "accident", "claim", "suit" or "loss" involving an "uninsured motor vehicle" or "underinsured motor vehicle", the Member must also do the following:

- a. Promptly notify the police if a hit-and-run driver is involved; and
- b. Promptly send the Pool copies of the legal papers if "suit" is brought.

4. If there is "loss" to a covered "auto" or its equipment the Member must also do the following:

- a. Promptly notify the police if the covered "auto" or any of its equipment is stolen.
- b. Take all reasonable steps to protect the covered "auto" from further damage. Also keep a record of related expenses for consideration in the settlement of the claim.
- c. Permit the Pool to inspect the covered "auto" and records proving the "loss" before its repair or disposition.
- d. Agree to examinations under oath at the Pool's request and give the Pool a signed statement of the Covered Entity's answers.



#### **F. Legal Action Against The Pool**

1. No one may bring a legal action against the Pool under this Coverage Part until:
  - a. There has been full compliance with all the terms of this Coverage Part; and
  - b. Under Municipal Auto Liability Coverage:
    - (1) The Pool agrees in writing that the Covered Entity has an obligation to pay; or
    - (2) The amount of that obligation has finally been determined by judgment after trial.
2. No one has the right under this Coverage Agreement to bring the Pool into an action to determine the Covered Entity's liability.
3. Any legal action by the Member against the Pool for breach of this coverage must be filed within one year of the date of the alleged breach.

#### **G. Loss Payment – Physical Damage Coverages**

The Pool may, at its option:

1. Pay for, repair or replace damaged or stolen property;
2. Return the stolen property, at the Pool's expense. The Pool will pay for any damage that results to the "auto" from the theft.

If the Pool pays for "loss", the payment will include the applicable sales tax for the damaged or stolen property.

#### **H. No Benefit To Bailee – Physical Damage Coverages**

The Pool will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this Coverage Part.

#### **I. Transfer Of Rights Of Recovery Against Others To Us**

1. With respect to Section II – Municipal Auto Liability Coverage and Section V – Physical Damage Coverage, if any person or organization to or for whom the Pool makes payment under this Coverage Part has rights to recover damages from another, those rights are transferred to the Pool. That person or organization must do everything necessary to secure the Pool's rights and must do nothing after "accident" or "loss" to impair them.
2. With respect to Section IV – Uninsured and Underinsured Motorists Coverage, if the Pool makes any payment under this coverage, and the Covered Entity, or someone on behalf of the Covered Entity, has a right to recover damages from the owner or operator of an "uninsured motor vehicle", the Pool shall be subrogated to that right to the extent permitted by law.
3. This Condition does not apply to Section III – Municipal Auto Medical Payments Coverage.

#### **SECTION VII - DEFINITIONS**

- A. "Accident" includes continuous or repeated exposure to the same conditions resulting in "bodily injury" or "property damage".
- B. "Auto" means:
  1. A land motor vehicle, trailer or semi-trailer designed for travel on public roads; or
  2. An all-terrain vehicle licensed for road use; including any attached machinery or equipment. But "auto" does not include "mobile equipment".
- C. "Bodily injury" means bodily injury, sickness or disease sustained by a person including death resulting from any of these.
- D. "Claim" means a demand for "damages" arising from an alleged "accident".
- E. "Covered contract" means:
  1. A lease of premises;
  2. A sidetrack agreement;



3. Any easement or license agreement, including those for vehicle or pedestrian private railroad crossings at grade, but not including easements or license agreements in connection with construction or demolition operations on or within 50 feet of a railroad;
4. An obligation, as required by ordinance, to indemnify a municipality;
5. That part of any other contract or agreement pertaining to the Member's municipal activities under which the Member assumes the tort liability of another to pay for "bodily injury" or "property damage" to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement;
6. That part of any contract of agreement entered into, as part of the Member's municipal activities, pertaining to the rental or lease, by the Member or any of the Member's officials or "employees", of any "auto". However, such contract or agreement shall not be considered a "covered contract" to the extent that it obligates the Member or any of the Member's officials or "employees" to pay for "property damage" to any "auto" rented or leased by the Member or any of the Member's officials or "employees".

A "covered contract" does not include that part of any contract or agreement:

1. That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing; or
2. That pertains to the loan, lease or rental of an "auto" to the Member or to any of the Member's "employees", if the "auto" is loaned, leased or rented with a driver; or
3. That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for the Member's use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority.

F. "Damages" means money damages.

"Damages" does not include any of the following:

1. Exemplary "damages" or punitive "damages";
2. Injunctive or equitable relief, or quasi-judicial or administrative orders;
3. Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law;
4. Repayment of any tax or assessment that was wrongfully obtained, or any interest on such tax or assessment; or
5. Amounts paid or payable for the purchase or permanent acquisition of property or property rights, or for the right to permanently enforce an ordinance, regulation, or restriction on the use of property.

G. "Diminution in value" means the actual or perceived loss in market value or resale value which results from a direct and accidental "loss".

H. "Employee" means any natural person:

1. While in the Member's service;
2. Who the Member compensates directly by salary, wages or commissions; and
3. Who the Member has the right to direct and control while performing services for the Member.

"Employee" does not mean or include:

1. Any agent, independent contractor or representative acting in the same general capacity; or
2. Any "leased worker".

I. "Family member" means a person related to a Covered Entity by blood, marriage, or adoption who is a resident of the Covered Entity's household, including a ward or foster child.

J. "Joint venture" means a joint powers agreement, intergovernmental agreement, mutual aid agreement, or any similar agreement, including any entity, corporation, association, partnership or other arrangement formed by that agreement.



- K.** “Loss” means direct and accidental loss or damage.
- L.** “Mobile equipment” means any of the following types of land vehicles, including any attached machinery or equipment:
1. Bulldozers, farm machinery, forklifts, all-terrain vehicles not licensed for road use, and other vehicles designed for use principally off public roads;
  2. Street cleaning equipment not licensed for road use;
  3. Vehicles that travel on crawler treads;
  4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
    - a. Power cranes, shovels, loaders, diggers or drills; or
    - b. Road construction or resurfacing equipment such as graders, scrapers or rollers;
  5. Vehicles not described in Paragraphs 1., 2., 3. or 4. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
    - a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
    - b. Cherry pickers and similar devices used to raise or lower workers.
  6. Vehicles not described in Paragraphs 1., 2., 3., 4. or 5. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not “mobile equipment” but will be considered “autos”:

    - a. Street cleaning equipment, if licensed for road use;
    - b. Equipment designed primarily for:
      - (1) Snow removal; or
      - (2) Road maintenance, but not construction or resurfacing;
- c.** Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- d.** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- L.** “Occupying” means in or upon or getting in, on, out or off.
- M.** “Pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- N.** “Private passenger auto” means a four-wheel “auto” of the private passenger, station wagon, or sport utility vehicle (SUV) type. A pickup, panel truck, minivan or full-size van is not considered to be a “private passenger auto”.
- O.** “Property damage” means damage to or loss of use of tangible property.
- P.** “Rating period” means the Rating Period shown in the Declarations.
- Q.** “Suit” means a civil proceeding in which “damages” to which this coverage applies are alleged. “Suit” includes:
1. An arbitration proceeding in which such “damages” are claimed and to which the Member must submit or does submit with the Pool’s consent; or
  2. Any other alternative dispute resolution proceeding in which such “damages” are claimed and to which the Member submits with the Pool’s consent.
- “Suit” does not mean any criminal proceeding against any Covered Entity or any open meeting law proceeding.
- R.** “Trailer” includes semitrailer. But “trailer” does not include “mobile equipment”.
- S.** “Underinsured motor vehicle” means a land motor vehicle or “trailer” for which the sum of all bonds or policies applicable at the time of an “accident” does not provide at least the amount a Covered Entity is legally entitled to recover as “damages” resulting from “bodily injury” caused by an “accident”.



However, “underinsured motor vehicle” does not include any vehicle:

1. Owned by a governmental unit or agency; or
2. Designed for use mainly off public roads while not on public roads.

T. “Uninsured motor vehicle” means a land motor vehicle or “trailer”:

1. For which no liability bond or policy at the time of an “accident” provides at least the amount specified in Section 28-4009 of the Arizona Revised Statutes;

2. For which an insuring or bonding company denies coverage or is or becomes insolvent; or
3. That is a hit-and-run vehicle and neither the driver nor owner can be identified. The vehicle must hit a covered member, a covered “auto”, or a vehicle a covered member is “occupying”.

However, “uninsured motor vehicle” does not include any vehicle:

1. Owned by a governmental unit or agency; or
2. Designed for use mainly off public roads while not on public roads.