



ARIZONA MUNICIPAL RISK RETENTION POOL MUNICIPAL LIABILITY COVERAGE FORM

**THIS COVERAGE FORM PROVIDES
CLAIMS-MADE COVERAGE
PLEASE READ THE ENTIRE FORM CAREFULLY**

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 Section **B.** – Who Is Covered.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **G.** – Definitions.

A. COVERAGE

1. Municipal Liability

- a. The Pool will pay those sums that a Covered Entity becomes legally obligated to pay as "damages" because of a covered "wrongful act". The Pool will have the right and duty to defend the Covered Entity against any "suit" seeking those "damages". However, the Pool will have no duty to defend the Covered Entity against any "suit" seeking "damages" for a "wrongful act" to which this coverage does not apply. The Pool may, at the Pool's discretion, investigate any "wrongful act" and settle any "claim" or "suit" that may result. But:

- (1) The amount the Pool will pay for "damages" is limited as described in Section **C.** – Limits Of Coverage; and
- (2) The Pool's right and duty to defend ends when the Limit Of Coverage has been used up in payments of judgments, settlements or medical payments.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Medical Payments, Additional Coverages or Supplementary Payments.

- b. This coverage applies to "damages" only if:

- (1) The "damages" are the result of a "wrongful act" that occurs in the "coverage territory";
- (2) The "wrongful act" did not occur before the Retroactive Date, if any, shown in the Municipal Liability Declarations or after the end of the "rating period"; and
- (3) A "claim" for "damages" because of the "wrongful act" is first made against any Covered Entity, in accordance with Paragraph **c.** below, before the end of the "rating period" or any Extended Reporting Period the Pool provides under Section **F.** – Extended Reporting Periods.

- c. A "claim" by a person or organization seeking "damages" will be deemed to have been made when notice of such "claim" is received and recorded by any Covered Entity or by the Pool, whichever comes first.

All "claims" for "damages" arising from a covered "wrongful act" will be deemed to have been made at the time the first of those "claims" is made against any Covered Entity.

- d. **Exclusions**

This coverage does not apply to:

- (1) **Expected Or Intended Damages**

"Damages" expected or intended from the standpoint of the Covered Entity. This Exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force by public safety personnel to protect persons or property.

(2) Contractual Liability

- (a) “Damages” which a Covered Entity is obligated to pay by reason of the assumption of liability in a contract or agreement. This Exclusion does not apply to liability for “damages”:
 - (i) That the Covered Entity would have in the absence of the contract or agreement; or
 - (ii) Assumed in a contract or agreement that is a “covered contract”, provided the “wrongful act” giving rise to the “damages” occurs subsequent to the execution of the contract or agreement.

(3) Liquor Liability

“Damages” for which any Covered Entity may be held liable by reason of:

- (a) Causing or contributing to the intoxication of any person;
- (b) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (c) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This Exclusion applies only if the Covered Entity:

- (a) Is in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages; or
- (b) Serves or furnishes alcoholic beverages without a charge if a license is required for such activities. For the purposes of this provision, license does not mean a consumption and display permit.

(4) Workers’ Compensation And Similar Laws

Any obligation of a Covered Entity under a workers’ compensation, disability benefits or unemployment compensation law or any similar law.

(5) Employee Indemnification And Employer’s Liability

“Bodily injury” to:

- (a) An “employee” of a Covered Entity arising out of and in the course of:
 - (i) Employment by the Covered Entity; or
 - (ii) Performing 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 liability assumed by the Covered Entity under a “covered contract”.

(6) 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:
 - (i) 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
 - (ii) “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”.

(7) Aircraft, Auto Or Watercraft

“Damages” arising out of the ownership, maintenance, use or entrustment to others of any aircraft, “auto” or watercraft owned or operated by or rented or loaned to any Covered Entity. Use includes operation and “loading or unloading”.

This Exclusion does not apply to:

- (a) A watercraft while ashore on premises the Member owns or rents;



- (b) A watercraft that is:
 - (i) Less than 26 feet long; and
 - (ii) Not being used to carry persons or property for a charge;
- (c) Parking an “auto” on, or on the ways next to, premises the Member owns or rents, provided the “auto” is not owned by or rented or loaned to any Covered Entity.

(8) Mobile Equipment

“Damages” arising out of the transportation of “mobile equipment” by an “auto” owned or operated by or rented or loaned to any Covered Entity.

(9) War And Military Action

“Damages” 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.

(10) Damage To Property

“Property damage” to:

- (a) Property the Member owns, rents, or occupies, including any costs or expenses incurred by the Member, or by any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another’s property;
- (b) Premises the Member sells, gives away or abandons, if the “property damage” arises out of any part of those premises;
- (c) Property loaned to a Covered Entity;
- (d) Personal property in the care, custody or control of a Covered Entity;
- (e) That particular part of real property on which the Member or any contractors or subcontractors working directly or indirectly on the Member’s behalf are performing operations, if the “property damage” arises out of those operations; or

- (f) That particular part of any property that must be restored, repaired or replaced because “the Member’s work” was incorrectly performed on it.

Paragraph (b) of this Exclusion does not apply if the premises are “the Member’s work” and were never occupied, rented or held for rental by the Member.

Paragraphs (c), (d), (e) and (f) of this Exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (f) of this Exclusion does not apply to “property damage” included in the “products-completed operations hazard”.

(11) Damage To The Member’s Product

“Property damage” to “the Member’s product” arising out of it or any part of it.

(12) Damage To The Member’s Work

“Property damage” to “the Member’s work” arising out of it or any part of it.

(13) Damage To Impaired Property Or Property Not Physically Injured

“Property damage” to “impaired property” or property that has not been physically injured, arising out of:

- (a) A defect, deficiency, inadequacy or dangerous condition in “the Member’s product” or “the Member’s work”; or
- (b) A delay or failure by the Member or anyone acting on the Member’s behalf to perform a contract or agreement in accordance with its terms.

This Exclusion does not apply to the loss of use of other property arising out of the sudden and accidental physical injury to “the Member’s product” or “the Member’s work” after it has been put to its intended use.

(14) Recall Of Products, Work Or Impaired Property

“Damages” claimed for any loss, cost or expense incurred by the Member or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (a) “The Member’s product”;
- (b) “The Member’s work”; or
- (c) “Impaired property”



if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

(15)Asbestos

“Bodily injury”, “personal and advertising injury” or “property damage” arising directly or indirectly out of, resulting from, caused by or contributed to by:

- (a) The use, sale, installation, removal, abatement, distribution, or containment of or exposure to asbestos, asbestos products, asbestos-containing material, asbestos fibers, or asbestos dust;
- (b) The actual or threatened abatement, mitigation, removal or disposal of asbestos, asbestos products, asbestos-containing material, asbestos fibers, or asbestos dust;
- (c) Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with (a) or (b) above; or
- (d) Any obligation of the Covered Entity to indemnify any party in connection with (a), (b) or (c) above.

(16)Breach Of Contract

“Damages” arising out of any breach of an express or implied contract or warranty including, but not limited to, any “claim” for amounts due under the terms of any contractual obligation.

This exclusion does not apply to any employment contract between the Member and the Member’s “employees”.

(17)Dishonest, Fraudulent, Criminal Or Malicious Acts

“Damages” arising out of:

- (a) Any intentional, dishonest, fraudulent, criminal or malicious act, error or omission, committed by any Covered Entity, including the willful or reckless violation of any statute or ordinance; or
- (b) Any criminal proceedings or any proceedings under any open meeting law against any Covered Entity.

(18)Employee Wages Or Benefits

“Damages” that are:

- (a) Past or future wages or employment benefits;

- (b) Claimed increases in such wages or benefits; or

- (c) Fringe benefits, educational expenses, overtime or similar payments;

arising out of an “employment-related practices claim”.

(19)Inadequacy Of Performance Of Investment/Advice Given With Respect To Participation

Any “claim” based upon:

- (a) Failure of any investment to perform;
- (b) Errors in providing information on past performance of investment vehicles; or
- (c) Advice given to any person with respect to that person’s decision to participate or not to participate in any plan included in the “employee benefit program.”

(20)Insufficiency Of Funds

“Damages” arising out of an insufficiency of funds to meet any obligations under any plan included in the “employee benefit program”.

(21)Land Use

- (a) “Damages” arising out of:

- (i) Any taking, annexation, condemnation, inverse condemnation, adverse possession, or dedication by adverse use, whether or not as a result of the denial of substantive due process, procedural due process, or both;
- (ii) The enforcement or interpretation of a land use, zoning, or subdivision ordinance or regulation;
- (iii) The regulatory approval or disapproval of any development or redevelopment project; or

- (b) Any “wrongful act” that arises out of land use planning or municipal zoning.

(22)Lead

“Bodily injury”, “personal and advertising injury” or “property damage” arising directly or indirectly out of, resulting from, caused by or contributed to by:

- (a) The toxic or pathological properties of lead, lead compounds or lead contained in any materials;



- (b) The actual or threatened abatement, mitigation, removal or disposal of lead, lead compounds or materials containing lead;
- (c) Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with (a) or (b) above; or
- (d) Any obligation of the Covered Entity to indemnify any party in connection with (a), (b) or (c) above.

(23)Municipal Activities And Services

- (a) “Damages” arising out of:
 - (i) Any failure to adequately supply gas, oil, water, electricity or steam;
 - (ii) The failure or bursting of any dam, dike, levee or canal;
 - (iii) The detention or confinement of any person or persons in any jail, holding cell or similar detention facility if the “wrongful act” resulting in such “damages” occurs after a continuous detention or confinement period of 30 days, or in any detention facility which is intended and regularly used for confinement of persons for periods in excess of 30 days;
 - (iv) The ownership, operation, maintenance or use of any landfill or dump; or
- (b) “Bodily injury”, “personal and advertising injury” or “property damage” arising out of the ownership, operation, maintenance or use of any:
 - (i) Airport; or
 - (ii) Hospital, nursing home or medical clinic.

(24)Organic Pathogens

- (a) “Damages” for which a Covered Entity would not have been liable in whole or in part but for the actual, alleged, or threatened inhalation, ingestion, contact with, exposure to, discharge, dispersal, disposal, seepage, migration, release or escape of any “organic pathogen”.
- (b) Any loss, cost or expense arising out of any:
 - (i) Request, demand, order or statutory or regulatory requirement that a Covered Entity or another test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to or assess the effect of any “organic pathogen”; or

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

(25)Other Than Money Damages

Any loss, cost or expense arising out of:

- (a) Any “claim” or “suit” seeking relief or redress in any form other than monetary damages; or
- (b) Any adverse judgment for declaratory relief or injunctive relief.

(26)Professional Services

“Damages” arising out of the rendering of or failure to render professional services by any professional listed below:

- (a) Attorney; but this Exclusion does not apply to a staff attorney employed full-time by the Member;
- (b) Architect;
- (c) Doctor of Medicine;
- (d) Dentist;
- (e) Nurse, except with respect to activities in the capacity of an emergency medical technician or first responder; or
- (f) Pharmacist.

(27)Special Events

“Damages” arising out of a Covered Entity’s ownership, sponsorship, maintenance or operation of any:

- (a) Mechanically operated amusement devices;
- (b) “Mobile equipment”, “auto”, snowmobile, motorcycle or other item in or while being prepared for any racing, pulling, pushing, speed, demolition or stunting activity;
- (c) Rodeos;
- (d) Fireworks displays or exhibitions;
- (e) Ski facility;
- (f) Climbing wall;
- (g) Trampoline or rebound device; or
- (h) Skateboard facility or skateboard activity.



(28) Volunteer Workers

“Damages” as a result of “bodily injury” or “personal and advertising injury” to:

- (a)** Any “volunteer worker” while acting on behalf of the Member; or
- (b)** The spouse, child, parent, brother or sister of that “volunteer worker” as a consequence of Paragraph **(a)** above

if the “volunteer worker” is:

- (a)** An employee within the meaning of a Workers’ Compensation law or similar law, or
- (b)** Covered under a Voluntary Compensation endorsement to a Workers’ Compensation coverage agreement or insurance policy.

2. Medical Payments

a. The Pool will pay medical expenses as described below for “bodily injury” caused by an accident on the Covered Premises, provided that:

- (1)** The “bodily injury” arises out of a condition in or on the Covered Premises;
- (2)** The accident takes place during the “rating period”;
- (3)** The expenses are incurred and reported to the Pool within one year of the date of the accident; and
- (4)** The injured person submits to examination, at the Pool’s expense, by physicians of the Pool’s choice as often as the Pool reasonably requires.

For the purposes of this coverage, “Covered Premises” means:

- (1)** All premises owned or rented to the Member; and
- (2)** The ways on land next to premises the Member owns; or,
- (3)** Any location in the “coverage territory” if the person making the “claim” is a “volunteer worker” who is:
 - (a)** Subject to the Member’s direction and control;
 - (b)** Injured while acting on behalf of the Member; and

(c) Not covered by the Member for worker’s compensation, disability, or medical benefits.

b. The Pool will make these payments regardless of fault. These payments will not exceed the applicable Limit Of Coverage. The Pool will pay reasonable expenses for:

- (1)** First aid administered at the time of an accident;
- (2)** Necessary medical, surgical, x-ray and dental services, including prosthetic devices;
- (3)** Necessary ambulance, hospital, professional nursing and funeral services; and
- (4)** Replacement or repair of damaged eyeglasses or clothing.

c. Exclusions

The Pool will not pay expenses for “bodily injury”:

(1) Any Covered Entity

To any Covered Entity.

(2) Hired Person

To a person hired to do work for or on behalf of any Covered Entity or a tenant of any Covered Entity.

(3) Injury On Normally Occupied Premises

To a person injured on that part of premises the Member owns or rents that the person normally occupies.

(4) Workers Compensation And Similar Laws

To a person, whether or not an “employee” of any Covered Entity, if benefits for the “bodily injury” are payable or must be provided under a workers’ compensation or disability benefits law or a similar law.

(5) Athletic Activities

To a person injured while practicing, instructing, training for or taking part in athletics, whether on an organized or non-organized basis.

(6) Products-Completed Operations Hazard

Included within the “products-completed operations hazard”.



(7) Municipal Liability Exclusions

Excluded under Coverage 1., Municipal Liability.

(8) Independent Contractors

Arising out of operations performed for the Member by an independent contractor.

(9) Maintenance And Repair

To any person while engaged in:

(a) Maintenance and repair of the Covered Premises; or

(b) Alteration, demolition or new construction at such premises.

(10) Member Or Guest

To a member or guest of any club, tourist court or trailer park operated or owned by the Member.

(11) Snowmobiles

Arising out of the operation or use of any snowmobile or trailer designed for use therewith.

Exclusions **(1)**, **(3)**, **(9)** and **(10)** do not apply to a “volunteer worker” described in Paragraph **2.a.** above.

3. Additional Coverages

The Limits Of Coverage shown in the Municipal Liability Declarations and the rules below fix the most the Pool will pay under these Additional Coverages regardless of the number of Covered Entities, “claims” made or “suits” brought, or persons or organizations making “claims” or bringing “suits”.

a. Back Wages

Paragraph **(a)** of Municipal Liability Exclusion **(18)** – Employee Wages Or Benefits does not apply to past or back wages “damages” arising out of “employment-related practices claims”, but:

(1) The Back Wages Aggregate Limit is the most the Pool will pay under this Additional Coverage for the sum of “damages” and “loss adjustment expense” arising out of “claims” made during the “rating period”.

(2) Subject to **(1)** above, the Back Wages Each Wrongful Act Limit is the most the Pool will pay under this Additional Coverage for the sum of “damages” and “loss adjustment expense” arising out of any one “wrongful act”.

(3) Subject to **(2)** above, payment for past or back wages is limited to the claimant’s regular salary for the twelve month period immediately preceding the “wrongful act” without adjustment for actual or possible overtime, incentive pay, or promotional or merit increases. Regular salary includes on-call wages.

b. Fire Damage

Municipal Liability Exclusions **(3)**, **(7)**, **(8)**, **(9)**, **(10)**, **(11)**, **(12)** and **(13)** do not apply to damage by fire to premises while rented to the Member or temporarily occupied by the Member with permission of the owner, but the Fire Damage Limit is the most the Pool will pay under this Additional Coverage for “damages” because of “property damage” by fire to any one such premises.

c. Land Use

Paragraphs **(a)(ii)**, **(a)(iii)** and **(b)** of Municipal Liability Exclusion **(21)** – Land Use, do not apply, but:

(1) The Land Use Liability Aggregate Limit is the most the Pool will pay under this Additional Coverage for the sum of “damages” and “loss adjustment expense” arising out of “land use liability claims” made during the “rating period”.

(2) Subject to **(1)** above, the Land Use Liability Each Wrongful Act Limit is the most the Pool will pay under this Additional Coverage for the sum of “damages” and “loss adjustment expense” arising out of any one “wrongful act”.

(3) The Pool shall have the right to reimbursement from the Member for 20% of the “damages” and “loss adjustment expense” paid under **(2)** above.

d. Organic Pathogens

Municipal Liability Exclusion **(25)** – Organic Pathogens, does not apply, but:



- (1) The Organic Pathogen Aggregate Limit is the most the Pool will pay under this Additional Coverage for the sum of “damages” and “loss adjustment expense” arising out of “claims” made during the “rating period”.
- (2) Subject to (1) above, the Organic Pathogen Each Wrongful Act Limit is the most the Pool will pay under this Additional Coverage for the sum of “damages” and “loss adjustment expense” arising out of any one “wrongful act”.

e. Pollution Liability

- (1) Paragraph (a) of Exclusion (6) – Pollution does not apply to “damages” arising out of a Short-Term Pollution Event provided the Member notifies the Pool of the Short-Term Pollution Event as soon as practicable, but no more than 14 days after its ending.

“Short-Term Pollution Event” means a discharge, dispersal, release or escape of “pollutants” which:

- (a) Begins during the “rating period”;
- (b) Begins at an identified time and place;
- (c) Ends, in its entirety, at an identified time within 48 hours of the beginning of the discharge, dispersal, release or escape of the “pollutants”;
- (d) Is not a repeat or resumption of a previous discharge, dispersal, release or escape of the same “pollutant” from essentially the same source within 12 months of a previous discharge, dispersal, release or escape; and
- (e) Does not originate from an Underground Storage Tank. “Underground Storage Tank” means any storage tank, including any attached pumps, valves or piping, buried below the surface of the ground or water, or which, at any time, had been buried under the surface of the ground or water and then subsequently exposed by any means. For the purposes of this definition, “buried” means that at least 10% of it is below the surface of the ground or water.

To be a Short-Term Pollution Event, the discharge, dispersal, release or escape of “pollutants” need not be continuous. However, if the discharge, dispersal, release or escape is not continuous, then all discharges, dispersals, releases or escapes of the same “pollutants” from essentially the same source, considered together, must satisfy Paragraphs a. through e. of this definition to be considered a Short-Term Pollution Event.

- (2) Subject to (1) above, the Pollution Liability Each Event Limit is the most the Pool will pay under this Additional Coverage for the sum of “damages” and “loss adjustment expense” arising out of any one Short-Term Pollution Event.
- (3) Subject to (2) above, the Pollution Liability Each Claimant Limit is the most the Pool will pay under this Additional Coverage for the sum of “damages” and “loss adjustment expense” arising out of all injury or damage sustained by any one person or organization in any one Short-Term Pollution Event.

4. Supplementary Payments

- a. The Pool will pay, with respect to any “claim” the Pool investigates or settles or any “suit” against a Covered Entity the Pool defends:
 - (1) Expenses the Pool incurs, subject to the “loss adjustment expense” limitations in the Additional Coverages.
 - (2) The cost of bonds to release attachments, but only for bond amounts within the applicable Limit Of Coverage. The Pool does not have to furnish these bonds.
 - (3) All reasonable expenses incurred by a Covered Entity at the Pool’s request to assist in the investigation or defense of the “claim” or “suit”, including actual loss of earnings up to \$100 a day because of time off from work.
 - (4) All costs taxed against the Covered Entity in the “suit”.
 - (5) 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.



- (6) All interest on the full amount of any judgment that accrues after entry of the judgment and before the Pool has paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of coverage.

These payments will not reduce the Limits Of Coverage.

- b. With respect to any “declaratory relief claim” or “injunctive relief claim” that is exclusive of any “claim” for “damages”, and in which a Covered Entity is a defendant, even if the Member is not also a party to the “claim” or “suit”:

- (1) The Pool will pay:

- (a) 50% of the first \$25,000 of “loss adjustment expense; and
- (b) 25% of the next \$25,000 of “loss adjustment expense”.

- (2) The Member shall pay all “loss adjustment expense” in excess of \$50,000.

- (3) The Pool may pay any part or all of the “loss adjustment expense” amount to effect settlement of any “claim” or “suit” and, upon notification of the action taken, the Member shall promptly reimburse the Pool for such part of the Member’s share of “loss adjustment expense” as has been paid by the Pool.

- (4) The most the Pool will pay for all “loss adjustment expense” arising out of “injunctive relief claims” and “declaratory relief claims” made during the “rating period” is \$100,000.

B. WHO IS COVERED

1. 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:

- a. A gas, airport, electrical, or steam utilities commission;
- b. A port authority, housing and redevelopment authority, economic development authority, area or municipal redevelopment authority, or similar agency;

- c. A municipal power agency or municipal gas agency;
- d. A hospital or nursing home board or commission;
- e. A welfare or public relief agency;
- f. A school board; or
- g. A “joint venture”, except as provided in Paragraph 2.c. below.

2. Each of the following is also a Covered Entity while acting within the scope of their duties in the positions described:

- a. Any of the Member’s elected or appointed officials;
- b. Any person serving on the Member’s council;
- c. Any “employee” of the Member, while acting within the scope of their duties on behalf of:
 - (1) The Member; or
 - (2) Another governmental entity pursuant to a mutual aid agreement;
- d. Any person on a Member’s board, commission, agency or committee that is not excluded under Paragraph 1. above;
- e. Any “volunteer worker” or volunteer organization only while acting on behalf of the Member and subject to the Member’s direction and control;
- f. Any Member relief association and its officers and “employees”; and
- g. Any other authorized person or agent of the Member while acting on behalf of the Member.

This provision does not include independent contractors or “leased workers”.

No person or organization described under Paragraph 2. is a Covered Entity with respect to any “claim” or “suit” against that person or organization by any other Covered Entity.

C. LIMITS OF COVERAGE

1. The Limits Of Coverage shown in the Municipal Liability Declarations and the rules below fix the most the Pool will pay regardless of the number of:

- a. Covered Entities;



- b. "Claims" made or "suits" brought; or
 - c. Persons or organizations making "claims" or bringing "suits".
2. The Products-Completed Operations Aggregate Limit is the most the Pool will pay under Coverage 1. – Municipal Liability for "damages" because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
 3. The Each Wrongful Act Limit is the most the Pool will pay for "damages" under Coverage 1. – Municipal Liability arising out of any one "wrongful act". This limit is subject to Paragraph 2. above for "bodily injury" and "property damage" included in the "products-completed operations hazard".
 4. The Medical Payments Each Accident Limit is the most the Pool will pay under Coverage 2. – Medical Payments for all medical expenses because of "bodily injury" sustained in any one accident.
 5. Subject to 4. above, the Medical Payments Each Person Limit is the most the Pool will pay under Coverage 2. – Medical Payments for all medical expenses because of "bodily injury" sustained by any one person in any one accident.
 6. The limits applicable to the Additional Coverages are in addition to the other Limits Of Coverage.

The Limits Of Coverage of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the "rating period" shown in the Declarations, unless the "rating period" is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits Of Coverage.

D. DEDUCTIBLE

The Pool's obligation under Coverage 1. – Municipal Liability to pay "damages" on a Covered Entity's behalf applies only to the amount of "damages" in excess of any Deductible amount stated in the Declarations.

The Deductible amount applies to all "damages" as the result of any one "wrongful act", regardless of the number of persons or organizations who sustain "damages" because of that "wrongful act".

The Pool may pay any part or all of the Deductible amount to effect settlement of any "claim" or "suit" and, upon notification of the action taken, the Member shall promptly reimburse the Pool for such part of the Deductible amount as has been paid by the Pool.

E. CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the Covered Entity or of the Covered Entity's estate shall not relieve the Pool of any of its obligations hereunder.

2. Duties In The Event Of Wrongful Act, Claim or Suit

a. The Member must see to it that the Pool is notified as soon as practicable of a "wrongful act" which may result in a "claim" or "suit". To the extent possible, notice should include:

- (1) Details sufficient to identify the Covered Entity involved;
- (2) How, when, and where the "wrongful act" took place;
- (3) The names and addresses of any injured persons and witnesses; and
- (4) The nature and location of any injury or damage arising out of the "wrongful act".

Notice of a "wrongful act" is not notice of a "claim".

b. If a "claim" or notice of a "suit" is received by any Covered Entity, the Member must:

- (1) Immediately record the specifics of the "claim" or "suit" and the date received; and
- (2) Notify the Pool as soon as practicable.

c. The Member must see to it that written notice of any "wrongful act", "claim" or "suit" is given to the Pool or any of its authorized agents as soon as practicable, but not later than the termination of the "rating period" or any applicable Extended Reporting Period.

d. The Member and any other involved Covered Entity must:



- (1) Immediately send the Pool copies of any demands, notices, summonses or legal papers received in connection with the “claim” or “suit”;
- (2) Authorize the Pool to obtain records and other information;
- (3) Cooperate with the Pool in the investigation or settlement of the “claim” or defense against the “suit”; and
- (4) Assist the Pool, upon the Pool’s request, in the enforcement of any right against any person or organization which may be liable to the Member because of injury or damage to which this coverage may also apply.

- e. No Covered Entity will, except at that Covered Entity’s own cost, voluntarily make a payment, assume any legal obligation, or incur any expense, other than for first aid, without the Pool’s consent.

3. Legal Action Against The Pool

No person or organization has a right under this Coverage Part:

- a. To join the Pool as a party or otherwise bring the Pool into a “suit” asking for “damages” from a Covered Entity;
- b. To determine any Covered Entity’s liability; or
- c. To sue the Pool under this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue the Pool to recover on an agreed settlement or on a final judgment against a Covered Entity; but the Pool will not be liable for “damages” that are not payable under the terms of this Coverage Part or that are in excess of the applicable Limit Of Coverage. An agreed settlement means a settlement and release of liability signed by the Pool, the Covered Entity and the claimant or the claimant’s legal representative.

Any legal action by a Member against the Pool for breach of this Coverage Part must be filed within one year of the date of the alleged breach.

4. Representations

By accepting this Coverage Part, the Member agrees:

- a. The statements in the Declarations are accurate and complete;

- b. Those statements are based upon representations the Member made to the Pool;
- c. The Pool has issued this Coverage Agreement in reliance upon the Member’s representations; and
- d. The Member does not waive any statutory or common law immunity from or limitation on liability.

4. Additional Condition – Coverage 2. Medical Payments

As soon as practicable, but in no event later than the termination of the “rating period” or any applicable Extended Reporting Period, the injured person or someone on the injured person’s behalf shall:

- a. Give the Pool written proof of “claim”, under oath if required, and
- b. After each request from the Pool, execute authorization to enable the Pool to obtain copies of medical reports and records.

F. EXTENDED REPORTING PERIODS

1. The Pool will provide one or more Extended Reporting Periods, as described below, if:
 - a. This Coverage Part is canceled; or
 - b. The Pool renews or replaces this Coverage Part with coverage that:
 - (1) Has a Retroactive Date later than the date shown in the Municipal Liability Declarations; or
 - (2) Does not apply on a claims-made basis.
2. Extended Reporting Periods do not extend the “rating period” or change the scope of coverage provided. They apply only if the date of the “wrongful act” giving rise to the “claim” for “damages” occurs before the end of the “rating period” but not before the Retroactive Date, if any, shown in the Declarations.

Once in effect, Extended Reporting Periods may not be canceled.
3. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the “rating period” and lasts for sixty days.



4. A Supplemental Extended Reporting Period of unlimited duration is available, but only by an endorsement and for an extra membership fee. This supplemental period starts when the Basic Extended Reporting Period, set forth in Paragraph 3. above, ends.

The Member must give the Pool a written request for the endorsement within 60 days after the end of the "rating period". The Supplemental Extended Reporting Period will not go into effect unless the Member pays the additional membership fee on or before the ninety-first day after the end of the "rating period".

The Pool will determine the additional charge as a percentage of the expiring annual membership fee for this Coverage Part as follows:

<i>Number of years since retroactive date shown on Declarations page</i>	<i>Additional Membership Fee</i>
1	50%
2	70%
3	80%
4	90%
5 or more	100%

The Supplemental Extended Reporting Period endorsement shall set forth the terms, not inconsistent with this Section, applicable to the Supplemental Extended Reporting Period.

5. The Extended Reporting Periods do not reinstate or increase the Limits Of Coverage.

G. DEFINITIONS

1. "Auto" means:
 - a. A land motor vehicle, trailer or semi-trailer designed for travel on public roads; or
 - b. An all-terrain vehicle licensed for road use; including any attached machinery or equipment. But "auto" does not include "mobile equipment".
2. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
3. "Cafeteria plans" means plans authorized by applicable law to allow employees to elect to pay for certain benefits with pre-tax dollars.

4. "Claim" means a demand for "damages" arising from an alleged "wrongful act".

5. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the "wrongful act" occurs in the course of travel or transportation between any places included in a. above; or
 - c. All other parts of the world if the "claim" for "damages" arises out of:
 - (1) Goods or products made or sold by the Member in the territory described in a. above; or
 - (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on the Member's business;
 provided a Covered Entity's responsibility to pay "damages" is determined in a "suit" on the merits, in the territory described in a. above or in a settlement the Pool agrees to.

6. "Covered contract" means:
 - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to the Member or temporarily occupied by the Member with permission of the owner is not a "covered contract";
 - b. A sidetrack agreement;
 - c. 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;
 - d. An obligation, as required by ordinance, to indemnify a municipality;
 - e. An elevator maintenance agreement;

f. 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 party to pay "damages" to a third person or organization if the contract or agreement is made prior to the date of the "wrongful act" giving rise to claimed "damages". Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "damages" 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;
- (2) That indemnifies an architect, engineer or surveyor for "damages" arising out of:
 - (a) Preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, filed orders, change orders or drawings, designs and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the "damages"; or
- (3) Under which the Covered Entity, if an architect, engineer or surveyor, assumes liability for "damages" arising out of the Covered Entity's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

7. "Damages" means money damages.

"Damages" does not include:

- a. Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law;
- b. Repayment of any tax or assessment that was wrongfully obtained, or any interest on such tax or assessment; or
- c. 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.

8. "Declaratory relief claim" means any "claim" arising out of a request for a court of competent jurisdiction to decide the rights and obligations of the parties in an action pursuant to the State of Arizona or Federal statutes on declaratory relief.

9. "Discrimination" means violation of a person's civil rights with respect to such person's race, color, national origin, religion, gender, marital status, age, sexual orientation or preference, physical or mental condition, or any other protected class or characteristic established by any federal, state or local statutes, rules or regulations.

10. "Employee" means any natural person:

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

"Employee" does not mean or include:

- a. Any agent, independent contractor or representative acting in the same general capacity; or
- b. Any "leased worker".

11. "Employee benefit program" means a program providing some or all of the following benefits to "employees", whether provided through a "cafeteria plan" or otherwise:

- a. Group life insurance; group accident or health insurance; dental, vision and hearing plans; and flexible spending accounts; provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to those "employees" who satisfy the plan's eligibility requirements;
- b. Profit sharing plans, employee savings plans, employee stock ownership plans, pension plans and stock subscription plans, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to all "employees" who are eligible under the plan for such benefits;

- c. Unemployment insurance, social security benefits, workers' compensation and disability benefits; and
 - d. Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family, and civil leave; tuition assistance plans; transportation and health club subsidies.
12. "Employment-related practices claim" means a "claim" or "suit" alleging:
- a. Demotion or failure to promote, negative evaluation, reassignment or discipline of the Member's current "employee" or wrongful refusal to employ;
 - b. Wrongful termination, meaning the actual or constructive termination of an "employee":
 - (1) In violation or breach of applicable law or public policy; or
 - (2) Which is determined to be in violation of a contract or agreement, other than any employment contract or agreement, whether written, oral or implied, which stipulates financial consideration if such financial consideration is due as the result of a breach of the contract;
 - c. Wrongful denial of training, wrongful deprivation of career opportunity, or breach of employment contract;
 - d. Negligent hiring or supervision which results in any of the other offenses listed in this definition;
 - e. Retaliatory action against an "employee" because the "employee" has:
 - (1) Declined to perform an illegal or unethical act;
 - (2) Filed a complaint with a governmental authority or a "suit" against the Member or any other Covered Entity in which "damages" are claimed;
 - (3) Testified against the Member or any other Covered Entity at a legal proceeding; or
 - (4) Notified a proper authority of any aspect of the Member's municipal activities which is illegal;
 - f. Coercing an "employee" to commit an unlawful act or omission within the scope of that person's employment;
 - g. Work-related harassment;
 - h. Employment-related libel, slander, invasion of privacy, defamation or humiliation; or
 - i. Other work-related verbal, physical, mental or emotional abuse arising from "discrimination".
13. "Impaired property" means tangible property, other than "the Member's product" or "the Member's work", that cannot be used or is less useful because:
- a. It incorporates "the Member's product" or "the Member's work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. The Member has failed to fulfill the terms of a contract or agreement;
- if such property can be restored to use by:
- a. The repair, replacement, adjustment or removal of "the Member's product" or "the Member's work"; or
 - b. The Member's fulfilling the terms of the contract or agreement.
14. "Injunctive relief claim" means any "claim" arising out of an injunction or request for an injunction:
- a. Forbidding the Member to do some act, which the Member intends or is attempting to commit; or
 - b. Restraining the Member in the continuance of an act, or
 - c. Requiring the Member to undertake requested action
- as pursuant to the State of Arizona or Federal statutes on injunctive relief.
15. "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.
16. "Land use liability claim" means any "claim" directly relating to:
- a. The enforcement or interpretation of a land use, zoning or subdivision ordinance or regulation; or
 - b. The Covered Entity's regulatory approval or disapproval of any development or redevelopment project.

Any “claim” qualifying as a “land use liability claim” under **a.** or **b.** above will be considered to be a “land use liability claim” in its entirety, regardless of whether the “claim” may assert other “claims” or “damages”.

But “land use liability claim” does not include a “claim” that seeks only:

- a.** Compensation or other relief for an actual or alleged physical occupation, invasion, or use of property by the Member;
- b.** Reduction or invalidation of special assessment;
- c.** Compensation for “damages” based on the Covered Entity’s actual or alleged negligent inspection or enforcement of any building, plumbing, electrical, fire or similar codes; or
- d.** Damages arising out of any actual or alleged taking of property without just compensation, including but not limited to any constitutional or statutory violations related to the taking.

“Land use liability claim” also does not include any “claim” arising out of any actual or alleged breach of an express or implied contract or warranty, including but not limited to any “claim” for amounts due under the terms of any contractual obligation.

17. “Leased worker” means a person leased to the Member by a labor leasing firm under an agreement between the Member and the labor leasing firm, to perform duties related to the conduct of the Member’s municipal operations.

18. “Loading or unloading” means the handling of property:

- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or “auto”;
- b.** While it is in or on an aircraft, watercraft or “auto”; or
- c.** While it is being moved from an aircraft, watercraft or “auto” to the place where it is finally delivered;

but “loading or unloading” does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or “auto”.

19. “Loss adjustment expense” means expenses incurred and allocated to any “claim” or “suit” for investigation, defense, and administration.

“Loss adjustment expense” does not include:

- a.** Salaries and expenses of employees of the Pool or the Pool’s Administrator, other than that portion of the Pool’s employed attorney’s fees, salary and expenses allocated to a specific claim or suit; or
- b.** Salaries of the Member’s “employees” or the Member’s office expenses.

20. “Mobile equipment” means any of the following types of land vehicles, including any attached machinery or equipment:

- a.** Bulldozers, farm machinery, forklifts, all-terrain vehicles not licensed for road use, and other vehicles designed for use principally off public roads;
- b.** Street cleaning equipment not licensed for road use;
- c.** Vehicles that travel on crawler treads;
- d.** Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1)** Power cranes, shovels, loaders, diggers or drills; or
 - (2)** Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e.** Vehicles not described in Paragraphs **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2)** Cherry pickers and similar devices used to raise or lower workers.
- f.** Vehicles not described in Paragraphs **a.**, **b.**, **c.**, **d.** or **e.** 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”:

- (1)** Street cleaning equipment, if licensed for road use;
- (2)** Equipment designed primarily for:

- (a) Snow removal; or
 - (b) Road maintenance, but not construction or resurfacing;
 - (3) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (4) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
21. "Organic pathogen" means any bacterium, virus, fungus, mold or mildew, or any of their mycotoxins, spores, scents or other by-products.
22. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy;
 - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's good, products or services;
 - e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in the Member's "advertisement";
 - g. Infringing upon another's copyright, trade dress or slogan in the Member's "advertisement"; or
 - h. Assault or battery committed for the purpose of protecting persons or property or incident to an arrest.
23. "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.
24. "Products-completed operations hazard" includes all "bodily injury" and "property damage" occurring away from premises the Member owns or rents and arising out of "the Member's product" or "the Member's work" except:
- a. Products that are still in the Member's physical possession; or
 - b. Work that has not yet been completed or abandoned. However, "the Member's work" will be deemed completed at the earliest of the following times:
 - (1) When all of the work called for in the Member's contract has been completed.
 - (2) When all of the work to be done at the job site has been completed if the Member's contract calls for work at more than one job site.
 - (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
25. "Property damage" means
- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "wrongful act" that caused it.
26. "Rating period" means the Rating Period shown in the Declarations.
27. "Suit" means a civil proceeding in which "damages" to which this coverage applies are alleged. "Suit" includes:
- a. 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
 - b. 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.



28. "The Member's product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) The Member;

(b) Others trading under the Member's name; or

(c) A person or organization whose business or assets the Member has acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "the Member's product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

29. "The Member's work":

a. Means:

(1) Work or operations performed by the Member or on the Member's behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "the Member's work" and

(2) The providing of or failure to provide warnings or instructions.

30. "Volunteer worker" means a person who:

a. Is not the Member's "employee";

b. Donates his or her work;

c. Acts at the direction of and within the scope of duties determined by the Member; and

d. Is not paid a fee, salary or other compensation by the Member or anyone else for their work performed for the Member.

31. "Wrongful act" means:

a. An accident, including continuous or repeated exposure to substantially the same general harmful conditions; or

b. Any actual or alleged negligent act, error, omission, misstatement, misleading statement, neglect, or breach of duty by a Covered Entity.

However, "wrongful act" shall not mean any act:

a. Which is criminal, wanton or reckless;

b. Which constitutes:

(1) Malfeasance in office;

(2) Willful neglect of duty;

(3) Bad faith;

(4) Dishonesty on the part of a Covered Entity; or

(5) The willful violation of a statute or ordinance by any Covered Entity.

c. For which the Member is not authorized to indemnify any person by law or public policy.

Any series of related "wrongful acts" shall be considered one "wrongful act" deemed to have occurred when the first "wrongful act" in the series occurred.