

Municipal Property Program

Effective October, 1985, as revised December 2016

1. Intent of Program.

- A. The intent of the Municipal Property Program is to cover insurable property (as defined herein and subject to the Program exclusions), which belongs to or is in the care, custody or control of a participating municipality and for which coverage has been applied and accepted by the Municipal Property Program.
- B. This Program covers all risks of direct physical loss of or damage to the property covered and listed on the Enumeration Schedule from any external cause except as excluded herein or as excluded pursuant to reinsurance agreements made by the Program.
- C. The Scope of the Program's coverage shall be consistent with and equal to the coverage of any reinsurance agreement made by the Program, such coverage terms are incorporated herein as if set out word for word. Should any inconsistencies exist between the Program and the reinsurance agreement, the coverage of the reinsurance agreement shall prevail.
- D. Reinsurance agreements made by the Program may be reviewed in full at this location: www.arml.org/mpp.

2. Exclusions.

This Program does not cover:

- A. Indirect or consequential loss of any kind.
- B. Loss or damage caused by or resulting from wear and tear, gradual deterioration, mechanical breakdown, latent defect, insects, vermin, rodents, rust, corrosion, dampness of atmosphere or mold.
- C. Loss of cash, currency of any kind or valuable papers.
- D. Motor vehicles, mobile equipment and water vessels.
- E. Exclusions made or otherwise enumerated in any reinsurance agreement entered into by the Program having effect at the time of loss, such exclusionary terms are incorporated herein as if set out word for word. Should any inconsistencies exist between the Program and the reinsurance agreement, the exclusions of the reinsurance agreement shall prevail.

3. Valuation.

- A. For the purpose of this coverage, property will be valued at the full cost to repair or replace the property. Members are to report the replacement cost of covered buildings and content. In the event of a total loss, the member will receive the amount included on the enumeration schedule after the appropriate deductible has been applied.

4. Conditions.

- A. When loss occurs, the participating municipality shall protect the property. Further loss due to the participating municipality's failure to protect shall not be recoverable under this Program.
- B. When loss occurs, the participating municipality shall give notice thereof to the Program upon discovery as soon as practicable and in any case, not more than ten (10) days after the loss.
- C. The limit of the Program's liability for loss shall not exceed the lower of either: (1) what it would then cost to repair or replace the property or such part thereof with other of like kind and quality, or (2) the applicable limit of liability stated on the Enumeration Schedule. The Program may pay for the loss or may repair the property pursuant to the terms herein at the agreed or appraised value. Stolen property may be paid for, or if returned the damages thereto paid for, at the agreed or appraised value.
- D. This coverage applies only to direct and accidental losses to the participating municipality's property which is sustained during the coverage period and when such property described in this coverage is maintained and used as municipal property for proper municipal purposes under the direction or approval of officials in charge.
- E. Deductible Provision. In the event indemnity for loss is payable to the participating municipality, the amount paid will be reduced by the deductible amount of \$10,000.00 for Class 1 Rates, \$7,500.00 for Class 2 Rates and \$5,000.00 for Class 3 and 4 Rates, or, in the case of flood or earthquake, \$100,000.00 or as may be delineated by the applicable re-insurance policy provision.
- F. The term of this agreement shall be for one year beginning and ending on the date set forth

in the Enumeration Schedule executed by the parties and incorporated herein by reference. The execution of subsequent enumeration schedules shall constitute extensions of this agreement for one-year periods designated therein. It is recommended that the Fire Chief certify that the property has been inspected by proper authorities for fire hazards and deficiencies and attest to same on the Annual Enumeration Schedule.

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

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This Program is a self-funded risk management trust designed to benefit its local governmental members.

Sponsored by
The Arkansas Municipal
League



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- less than the payment limits set forth in this agreement up to such payment limits. In cases where this Program is secondary, losses paid by other policies may satisfy the deductible under this Program.
- M. In the event of any payment under the terms of this agreement, the Program shall be subrogated to all of the participant's rights of recovery therefor against any person or organization.
- N. The terms of this Program shall apply separately to each article listed on the Enumeration Schedule and each shall be held to be separate pieces of property as respects limits of liability including any deductible provisions.
- O. No one has authority to verbally change any provisions of this Program. Any changes or endorsements must be in writing by a duly authorized representative of the Program.
- P. The provisions of this Program and the coverage hereon can be afforded only to the covered municipality and assignments to any person or persons, firms or corporations or other entity will not be honored by the Program without written consent.
- Q. The municipality enrolled in this Program agrees to pay into the Program each year a service charge established annually by the Program Administrator for property for which the municipality desires coverage. Such property must be listed annually on the Enumeration Schedule provided by the Program properly executed by an authorized official. Payment of the yearly charge by a municipality shall constitute its agreement to and the acceptance of the provisions of this agreement.
- R. The Executive Director of the Arkansas Municipal League is hereby designated Program Administrator. The Program Administrator shall at least annually conduct a meeting for all cities participating in the Program to hear recommendations and comments pertaining to the terms and conditions of this agreement and the administration of the Program. The Program Administrator shall also submit a financial statement at each annual meeting.
- S. The officers of the League whose cities or towns are members of the Program shall constitute a committee for the Program for purposes of governing the Program and hearing appeals from decisions made by the Program Administrator regarding matters of coverage and defense of claims and litigation. The Committee shall decide any such disputed claim or litigation matter. Appeals by Program members or their employees or officials of defense or financial coverage decisions of the Program Administrator are mandatory before any litigation may ensue regarding those defense or financial coverage issues. The Program shall not be liable, nor required to pursue, any form of litigation regarding any defense or financial coverage decision unless the Program participant has first exhausted all administrative remedies available through the Program, including but not limited to an appeal to the Committee.
- T. The Program Administrator is authorized to employ such agents, attorneys, investigators and appraisers as he may deem necessary to administer the Program and to pay from the Program all costs and expenses of administration of the Program including compensation to the Program Administrator.
- U. This agreement is made for the benefit of the individual municipalities joined herein and no municipal official, employee or other person shall have any legally-enforceable rights under this agreement against any municipality joined herein, a municipal agency, the Program, Program Administrator, Program agents, Arkansas Municipal League or attorneys for any of the foregoing, whether as third-party beneficiaries or otherwise, this agreement being one solely between the municipalities joined herein.
- V. The funds and assets of the Program shall be separated from Arkansas Municipal League funds and assets and notwithstanding anything herein to the contrary, the League shall not be obligated directly or indirectly to pay any sum. The League's Reserve Fund is designed to provide financial assistance to the Program in the event that it is needed and will do so in accordance with its terms, and the terms of this Program.