


Subject: Property Loss Procedures	Number: 2-5
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Responsible Department: Personnel Services - Risk Management	Approved: 

Policy

The City maintains property insurance to cover loss or damage to city-owned property (buildings and personal property). The property insurance is subject to a per occurrence deductible of \$100,000. It is the City's policy to reimburse Departments for loss or damage to city-owned property from a covered peril, in an amount not to exceed the per occurrence deductible of \$100,000. Payments in excess of the per occurrence deductible of \$100,000 will be made by the City's property insurer and Risk Management will work with the Department and property insurer to facilitate the payment.

However, if the city-owned property does not appear upon the Property Schedule and a loss or damage occurs, there is no coverage for the loss or damage.

1. The Risk Management Division is the custodian of the City's Property Schedule, which identifies city-owned property insured under the property insurance maintained by the City. Departments are responsible for notifying Risk Management within **ninety (90) days** of: (i) the acquisition/purchase of any property by the City; (ii) the sale of any city-owned property; (iii) the leasing of any property to the City; and (iv) any material change to any city-owned property, including any property leased to the City.

On August 1st of each year, the Risk Management Division will circulate the Property Schedule to Departments for review in order to make additions, deletions or revisions to the Property Schedule. Departments are responsible for returning the Property Schedule with any additions, revisions and deletions to Risk Management within **thirty (30) days** of receipt of the Property Schedule and the request for any additions, revisions and deletions thereto.

Upon receipt of any new information, the Risk Management Division will work with the City's insurance broker to revise the Property Schedule as appropriate.

2. The City maintains a self-insurance fund to reimburse Departments for loss or damage to city-owned property from a covered peril, in an amount not to exceed the per occurrence deductible of \$100,000. Any reimbursement or payment to a Department for loss or damage to city-owned property will be made based upon the cost to repair/restore the city-owned property or the actual cash value of the city-owned property at the time of loss or damage, whichever is less.

3. "Covered peril" is defined as any one of the following:
- a. Fire.
 - b. Lightning.
 - c. Explosion, including the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass. This cause of loss does not include loss or damage by:
 1. Rupture, bursting or operation of pressure-relief devices; or
 2. Rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water.
 - d. Windstorm or Hail, but not including:
 1. Frost or cold weather;
 2. Ice (other than hail), snow or sleet, whether driven by wind or not; or
 3. Loss or damage to the interior of any building or structure, or the property inside the building or structure, caused by rain, snow, sand or dust, whether driven by wind or not, unless the building or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand or dust enters.
 - e. Smoke causing sudden and accidental loss or damage. This covered peril does not include smoke from agricultural smudging or industrial operations.
 - f. Aircraft or Vehicles.
 - g. Theft.
 - h. Riot or Civil Commotion.
 - i. Vandalism, meaning willful and malicious damage to, or destruction of, city-owned property.
 - j. Accidental Discharge Or Overflow Of Water Or Steam.
 1. This covered peril means accident discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.
 2. This covered peril does not include loss or damage:
 - (a) To the system or appliance from which the water or steam escaped;
 - (b) Caused by or resulting from freezing except as provided in covered peril k. Freezing; or
 - (c) Caused by mold, fungus or wet rot.
 3. In this covered peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

- k. Freezing
 - 1. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only if you have used reasonable care to:
 - (a) Maintain heat in the building; or
 - (b) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for this covered peril to apply.

 - 2. In this covered peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.
 - l. Falling object, but not including:
 - 1. Loss or damage to personal property contained in a building unless the roof or an outside wall of the building is first damaged by a falling object.
 - 2. Loss or damage to the falling object itself is not covered.
 - m. Collision.
4. Loss or damage to city-owned property which is excluded from reimbursement or payment under the City's self-insurance fund are identified as follows:
- a. City-owned property which does not appear upon the Property Schedule.
 - b. Perils or causes of loss or damage which are not identified in 3. above.
 - c. Land, including land on which covered property is located.
 - d. Trees, shrubs and other plants, unless caused by fire, lightning, explosion, aircraft or vehicles, riot or civil commotion, theft or vandalism.
 - e. Animals.
 - f. Wear and tear, marring, deterioration.
 - g. Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself.
 - h. Smog, rust or other corrosion, or dry rot.
 - i. Fungus, mold, mildew, bacteria or wet rot, unless caused by a covered peril identified in 3. above.

- j. Discharge, dispersal, seepage, migration, release or escape of pollutants, unless the discharge, dispersal, migration, release or escape is itself caused by a covered peril identified in 3. above.

Pollutants mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, asbestos, lead paint and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

- k. Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings.
- l. Birds, vermin, rodents or insects.
- m. Asbestos and/or lead paint testing, clean up and/or abatement.

- n. Ordinance or Law. Ordinance or Law means any ordinance or law:
 - 1. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris.
 - 2. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, asbestos, lead paint and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

- o. Earth Movement. Earth movement means:
 - 1. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
 - 2. Landslide, mudslide or mudflow;
 - 3. Subsidence or sinkhole; or
 - 4. Any other earth movement including earth sinking, rising or shifting;

Caused by or resulting from human or animal forces or any act of nature unless direct loss or damage by fire or explosion ensues and then we will pay only for the ensuing loss or damage.

- p. Water Damage. Water Damage means:
 - 1. Flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind.
 - 2. Water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or
 - 3. Water or water-borne material below the surface or the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure;

Caused by or resulting from human or animal forces or any act of nature unless direct loss or damage by fire or explosion ensues and then we will pay only for the ensuing loss or damage.

- q. Failure of power, communication, water or other utility service. But if the failure results in loss or damage from a covered peril identified in 3. above, we will pay for the loss or damage caused by that covered peril.
- r. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
 - 1. Electrical or electronic wire, devise, appliance, system or network; or
 - 2. Device, appliance, system or network using cellular or satellite technology.

For the purposes of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- 1. Electric current, including arcing;
- 2. Electrical charge produced or conducted by a magnetic or electromagnetic field;
- 3. Pulse of electromagnetic field; or
- 4. Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- s. Neglect. Neglect means neglect of an insured to use all reasonable means to save and preserve property at and after the time of loss or damage.
- t. Intentional loss. Intentional loss means any loss or damage arising out of any act an employee, elected or appointed officer or official, intern, agent or volunteer commits or conspires to commit with the intent to cause loss or damage.
- u. Nuclear Hazard.
- v. Governmental Action. Governmental Action means the destruction, confiscation or seizure of property by order of any governmental or public authority.
- w. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- x. Faulty, inadequate or defective:
 - 1. Planning, zoning, development, surveying, siting;
 - 2. Design, specifications, workmanship, repair, construction, renovation, remodeling; or
 - 3. Maintenance;
- y. Collapse, unless caused by a covered peril identified in 3. above.
- z. Mysterious disappearance, shortage on taking inventory.

5. The property of permanent (full-time and part-time), temporary and contract employees; elected or appointed officers and officials; interns, agents and volunteers; invitees and guests of the City; users of city-owned property; and contractors, subcontractors, consultants, suppliers and vendors is not considered city-owned property and therefore, excluded from reimbursement or payment under the City's self-insurance fund.
6. Any reimbursement or payment to a Department for loss or damage to city-owned property is subject to a per occurrence deductible of \$250.
7. No reimbursement or payment will be made to a Department for loss or damage to city-owned property unless the Risk Management Division is notified in writing within six (6) months of the date the loss or damage to city-owned property occurred.

Procedures

In the event of loss or damage to city-owned property as a result of a covered peril, Departments are required to:

1. Give prompt notice to the Risk Management Division. Prompt notice shall include a Property Loss Notice;
2. Notify the police in case of loss or damage by aircraft or vehicles, theft or vandalism;
3. Protect the property from further damage. If repairs to the property are required, you must:
 - a. Make reasonable and necessary repairs to protect the property; and
 - b. Keep an accurate record of repair expenses;
4. Cooperate with Risk Management and/or the City's property insurer in the investigation of a claim;
5. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
6. As often as reasonably required:
 - a. Show the damaged property;
 - b. Provide records and documents requested to Risk Management and/or the City's property insurer.