

Virginia Surety Company, Inc.

[175 West Jackson Blvd. Chicago, IL 60604]

Commercial Coverage

DECLARATIONS PAGE

Policy Number: TBD

Policy Period: From 03/31/2021 12:01 a.m. standard time at **your** mailing address as shown above, and continuing until cancelled.

City of Bloomington
603 W. Division Street
Bloomington, IL 61707

In return for the payment of the premium, and subject to all terms of this Policy, we agree with you to provide Insurance as stated in this Policy.

Coverage selected for Eligible Persons of the Policyholder:

-Water and Sewer Combined Loss Protection Residential: Rate: \$0.95 Limit: \$500.00

Form Numbers of Coverage Forms, Endorsements and other forms that are part of this Policy.

NATIONAL-SVLN-INLMAR-060420
SC-SVLN-LEAKLOSS1000-VSC-HSIA-1-08.24.20
SC-SVLN-LEAKLOSS1000-VSC-HSIA-2-08.24.20
SC-SVLN-LEAKLOSS1000-VSC-HSIA-3-08.24.20
SA-IL-SVLN-INLMAR-082120

Countersigned at: _____
This _____ day of _____, 20_____

AUTHORIZED REPRESENTATIVE

Virginia Surety Company, Inc.

[175 West Jackson Blvd. Chicago, IL 60604]

COMMERCIAL INLAND MARINE COVERAGE FORM AND CONDITIONS

UNDERGROUND UTILITIES EXCESS WATER COVERAGE

Throughout this policy, the words "you" and "your" refer to the Named Insured shown on the Declarations Page. The words "we", "us", and "ours" refer to the Company providing the insurance. Other words and phrases used in this Coverage Form have special meanings. These words or phrases will be shown within quotation marks. Refer to Section I. Definitions to determine these special meanings.

Various provisions in this policy restrict coverage. Please read this policy carefully to determine rights, duties and to determine what is and what is not covered.

Other words and phrases used in this Coverage Form have special meanings. These words or phrases will be shown within quotation marks. Refer to Section H. Definitions to determine these special meanings.

A. COVERAGE

1. Leak Coverage -- We will pay for your lost revenue under a Leak Adjustment Program for excess water charges to your "Customer" as a result of loss of water from a "Leak." The "Leak" must be caused by or result from a Covered Cause of Loss, and the amount of the excess water charge must equal or exceed the Water Loss Qualification Option indicated on the "Schedule of Coverages".

Excess water charges means, and is limited to, that portion of your water charge to a "Customer" that is in excess of the "Customer's" average water charge over the preceding 12 months.

2. Property Not Covered

We do not cover any "Leak" caused by or resulting from "Loss" to any of the "Customer" property described below:

- a. Irrigation systems;
- b. Waterlines providing service to any home that is unattended;
- c. Waterlines providing service to any building or structure that is primarily used for any business operation;

- d. Waterlines providing service to any building or structure that is primarily used for any purpose other than residential living;
- e. Swimming pools, hot tubs, fountains and other water features, including their associated piping, equipment and components;
- f. Dripping faucets;
- g. Leaking toilets;
- h. Faulty customer plumbing;
- i. Waterlines shared with a third party; or
- j. Back Flow Preventers

3. Covered Causes of Loss

Covered Cause of Loss means direct physical “Loss” unless excluded by causes of “Loss” listed in B. Exclusions.

B. EXCLUSIONS

1. We will not pay for “Loss” caused directly or indirectly by 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. Seizure or destruction by order of any governmental authority. But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if that fire would be covered under this Coverage Form.
 - b. Nuclear Hazard or radiation, or radioactive contamination, however caused. But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.
 - c. 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 by governmental authority in hindering or defending against any of these.
 - d. Earthquake
 1. Earthquake, including tremors or aftershocks and any earth sinking, rising or shifting relating to such event;
 2. Landslide, including any earth sinking, rising or shifting related to such event;
 3. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
 4. Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action. Volcanic Action means direct physical loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
 - a. Airborne volcanic blast or airborne shock waves;

- b. Ash, dust or particulate matter; or
- c. Lava flow.

With respect to Volcanic Action, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence. Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property. This exclusion applies regardless of whether any of the above, in Paragraphs 1 through 4 is caused by an act of nature or is otherwise caused.

This exclusion does not apply to “Sinkhole Collapse.”

e. Flood and Related Water

- 1. Flood, surface water, wave (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- 2. Mudslide or mudflow;
- 3. Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- 4. Water under the ground surface pressing on, or flowing or seeping through:
 - a. Foundations, walls, floors or paved surfaces;
 - b. Basements, whether paved or not; or
 - c. Doors, windows or other openings; or
 - d. Waterborne material carried or otherwise moved by any of the water referred to in Paragraph 1., 3., or 4., or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs 1. through 4., is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water. But if any of the above, in Paragraphs 1. through 4., results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

f. “Fungus”, wet rot, dry rot, or bacteria.

g. Ordinance or Law: The enforcement of any code, ordinance or law that regulates the construction, repair, replacement or use of any property. This exclusion applies to:

- 1. Property which was not in compliance with any code, law or ordinance at the time of its installation or any subsequent code, ordinance or law; or
- 2. Undamaged property which must be moved or replaced solely to comply with such code, ordinance or law.

2. We will not pay for “Loss” caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss or expense.
- b. Dishonest or intentional acts by:
 - 1. You or any of your partners;
 - 2. Your directors or trustees;
 - 3. Your authorized representatives or employees; or

4. Your “Customer” a) whether acting alone or in collusion with others; and b) regardless of the time when such act occurs.
- c. Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires; mechanical or electrical breakdown of any machinery, including rupturing or bursting caused by centrifugal force.
- d. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.
- e. Discharge, dispersal, seepage, migration, release or escape of “Pollutants”;
- f. Loss or damage that is caused by or results from any work completed by the “Customer” or any contractor hired by any “Customer”.
- g. Costs to remove plugs or clogs from “Customer” waterlines.
- h. Contamination, or alleged contamination, of water by "Pollutants", substances or organisms.

C. LIMITS OF INSURANCE

The most we pay for “Loss” in any one occurrence for excess water charge to any one “Customer”, is the Occurrence Limit of Insurance shown on the “Schedule of Coverages”.

D. NOTICE & VALUATION

1. Notice of a claim must be provided to us within the timeframe outlined in your Leak Adjustment Program.
2. The value of excess water charges will be based on your actual loss sustained. We will not pay more than the Limit of Insurance shown on the “Schedule of Coverages”.

We will not pay for any excess water charge until the amount of the excess charge exceeds the qualification amount shown on the schedule of coverages.

The average water usage will be based on the preceding twelve (12) consecutive month usage. If your “Customer” has less than twelve (12) months consecutive usage preceding the occurrence, the average use will be calculated over the available number of consecutive months, subject to a minimum of 3 months. We will not pay for any excess water charges for a “Customer” that has less than 3 months consecutive water usage experience.

Excess water charges will be limited by the number of occurrences and consecutive billing cycles indicated on the Excess Water “Schedule of Coverages”.

E. Misrepresentation, Concealment, Or Fraud

We may void this coverage, before or after a loss that was willfully concealed or misrepresented, or following the misrepresentation of a material fact or circumstance relating to this insurance.

F. REPORTING CONDITIONS AND PROVISIONS

When Reporting is shown on the “Schedule of Coverages”, you must provide a report to us in accordance with the reporting provisions and the time periods shown.

As used by this policy, reporting period means the period of time, beginning with the inception of the policy, when you must tell us, in writing, of the “Customers” participating in a “Leak Adjustment Program” covered by this policy.

Within 30 days of the end of each reporting period indicated on the “Schedule of Coverages”, you must give us the number of “Customer(s)” to which this Coverage applies during that reporting period.

While you are not required to provide us with the names and address of “Customer(s)” in your periodic report, you agree to maintain a complete record of “Customer(s)”. You agree to provide us with a copy of such complete record(s) at our request.

1. Provisions applicable to Cancellation or Non-Renewal.

[[a. You may cancel this policy by mailing or delivering to us advance written notice of cancellation.]

[b. We may cancel this policy by mailing or delivering written notice of cancellation to you at least:

i. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

ii. 30 days before the effective date of cancellation if we cancel for any other reason.]

[c. We will mail or deliver our notice to your last mailing address known to us.]

[d. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.]

[e. If this policy is cancelled, we will send you any premium refund due. If we cancel, the refund will be pro rata. If you cancel, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.]

[f. If notice is mailed, proof of mailing will be sufficient proof of notice.]]

[g. If you or we cancel or do not renew this policy for any reason, any reports that you owe at time of cancellation or non-renewal are still due. We will adjust the policy in accordance with the policy provisions. You must pay any premium that is due us for the period up to and including the date of cancellation or non-renewal.]

2. If you fail to report as required, we will not provide coverage for any part of your uncollected excess water charges for that unreported reporting period.

G. FINAL PREMIUM COMPUTATION AND ADJUSTMENT

We will adjust the policy in the following manner.

We will multiply the reported values shown on the periodic report that you provide by the reporting rate shown on the “Schedule of Coverage”. The result of this calculation is the premium that is due. Such premiums are due immediately.

H. ADDITIONAL CONDITIONS

1. Coverage Territory

We only insure Covered Property located in the United States of America.

2. Legal Action against Us

No one may bring a legal action against us under this Coverage Part unless:

- a. There has been full compliance with all of the terms of this Coverage Part; and
- b. The action is brought within 1 year after you first have knowledge of the direct loss or damage.

3. Conditions of Coverage

We only pay for excess water charges attributable to a “Customer” if the amount of the excess water charges for that “Customer” is equal to or exceeds the Water Loss Qualification Option indicated on the “Schedule of Coverages”.

I. DEFINITIONS

1. “Customer(s)” means and refers to your utility customer who is participating in a Leak Adjustment Program.
2. “Fungus” means any type or form of fungus; mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungus; any type or form of algae or lichens.
3. “Leak” means the continuous and uninterrupted flow of potable water from a cracked, broken or damaged waterline or pipe.
4. “Leak Adjustment Program” means an arrangement between you and a Customer under which you agree to waive certain charges in the event of loss of water caused by a Leak under specified circumstances.
5. “Loss” means accidental loss or damage.
6. “Pollutants” means: any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes acids, alkalis, and chemicals, asbestos and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
7. “Schedule of Coverages” means the pages labeled “Schedule of Coverages” or other declarations or schedules that apply to this Coverage.

8. “Sinkhole Collapse” means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite and similar rock formations. This cause of loss does not include the cost of filling sinkholes (except to the extent that such filling is required to repair Covered Property following a Covered Cause of Loss); or sinking or collapse of land into manmade underground cavities.

Virginia Surety Company, Inc.
[175 West Jackson Blvd. Chicago, IL 60604]

**SCHEDULE OF COVERAGES
SCHEDULED PROPERTY FLOATER
UNDERGROUND UTILITIES—EXCESS WATER COVERAGE**

Coverage:

Limit of insurance for any one “Customer”: \$ 500.00

Water Loss Benefit Frequency:

Occurrence(s) per 12-month period per Customer: 1

Consecutive billing cycles allowed per occurrence: 2

Water Loss Qualification Option:

2X Average Bill

3X Average Bill

\$ _____ Over Average Bill

No Qualification Applies

Optional Coverages:

Amended Property Not Covered Endorsement

Excess wastewater charges, subject to a limit of insurance anyone “Customer”: \$ _____

Valuation

Actual Loss Sustained

Reporting Conditions

The policy is subject to monthly reporting and monthly adjustment.

Reporting Rate \$ _____* per Customer per Month

Reporting Rates

*-WATER/SEWER COMBINED LEAK LOSS RESIDENTIAL: \$ 0.95

Virginia Surety Company, Inc.

[175 West Jackson Blvd. Chicago, IL 60604]

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

AMENDED PROPERTY NOT COVERED

This endorsement modifies insurance provided under the following:

UNDERGROUND UTILITIES EXCESS WATER COVERAGE FORM

A. When indicated by "X", the following property excluded in **Property Not Covered** is deleted:

Irrigation Systems

Dripping faucets;

Leaking toilets;

Any waterline shared with a third party, including any waterlines that have been added to the "customer" waterline.

Waterlines providing service to any home that is unattended unless reasonable care is provided by the "Customer".

Reasonable care means, and is limited to, one of the following methods:

- 1) Water line is turned off and drained; or
- 2) Heat is maintained in the home to prevent freezing.

Waterlines providing service to any building or structure that is primarily used for any business operation.

Waterlines providing service to any building or structure that is primarily used for any purpose other than residential living.

All other terms, conditions, and exclusions of the policy shall remain unchanged.

Virginia Surety Company, Inc.
[175 West Jackson Blvd. Chicago, IL 60604]

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

**AMENDATORY ENDORSEMENT
ILLINOIS**

This endorsement modifies insurance provided under the following:

1. Under the Section "**F. REPORTING CONDITIONS AND PROVIDIONS**", Subsection "1. Provisions applicable to Cancellation or Non-Renewal" is changed to:

Cancellation -- "You" may cancel this policy by returning the policy to "us" or by giving "us" a written notice and stating at what future date coverage is to stop. If this policy has been in effect for less than sixty days and is not a renewal of a policy issued by "us", "w" may cancel this policy, or one or more of its parts, for any reason by giving written notice of cancellation.

If this policy has been in effect for sixty days or more, or if it is a renewal of a policy issued by "us", "We" may cancel this policy only if one or more of the following reasons apply:

- a. nonpayment of premium;
- b. the policy was obtained by misrepresentation;
- c. "you" violated any of the terms and conditions of the policy;
- d. the risk originally accepted has measurably increased;
- e. certification to the Director of the loss of reinsurance by "us" which provided coverage to "you" for all or a substantial part of the underlying risk insured; or
- f. a determination by the Director that the continuation of the policy could place "us" in violation of the insurance laws of this State.

The notice of cancellation will state the time that the cancellation is to take effect and include the reason for cancellation. The notice will be mailed or delivered at least ten days before cancellation is effective for nonpayment of premium. If the cancellation is due to any reason other than nonpayment of premium, notice will be mailed or delivered at least thirty days before the cancellation is effective.

The notice will be sent to "you" and "your" broker, if known, at the last mailing addresses known to "us". If the notice of cancellation is mailed to "you", a U.S. Post Office Certificate of Mailing will be sufficient proof of receipt of the mailing.

"your" return premium, if any, will be calculated according to "our" rules. It will be refunded to "you" with the cancellation notice or within a reasonable time. Payment or tender of the unearned premium is not a condition of cancellation.

Nonrenewal -- If "we" decide not to renew this policy, "we" will give notice of nonrenewal at least sixty days prior to the expiration of the policy. "our" notice to "you" will state the reason or reasons for nonrenewal.

The notice will be sent to "you" and "your" broker, if known, or the agent of record on the policy at the last mailing addresses known to "us". If the notice of nonrenewal is mailed to "you", a U.S. Post Office Certificate of Mailing will be sufficient proof of receipt of the mailing.

Renewal -- If "we" decide to renew this policy with premium increases of 30% or higher, or impose changes in deductible or coverage that materially alter the policy, "we" will mail to "you" written notice of such increase or change in deductible or coverage at least sixty days before the renewal or anniversary date. The sixty day prior notification because of premium increase is not necessary where increases exceeding 30% are due to changed conditions or increased or broadening coverage initiated by "you". "We" will also send a notice to "your" broker, if known.

A U.S. Post Office Certificate of Mailing is sufficient proof of receipt of the mailing.

2. Under the Section "**H. ADDITIONAL CONDITIONS**" Subsection "2. Legal Action against Us" is amended to include the following:

c. However, this period is extended by the number of days between the date proof of loss is submitted and the claim is denied in whole or in part.

3. Under the Section "**I. DEFINITIONS**" Subsection "6. "Pollutants" is amended to include the following:

Pollution exclusions may not apply to damage caused by heat, smoke or fumes from a hostile fire.