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## **UCLA Procedure 300.2: University Property Insurance, Securing Coverage and Claims Reporting**

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Issuing Officer: Associate Vice Chancellor, Business & Financial Services  
Responsible Dept: Office of Insurance and Risk Management  
Effective Date: July 1, 1998  
Supersedes: UCLA Procedure 130.2 dated 5/1/79

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### **I. REFERENCES**

### **II. DESCRIPTION OF INSURANCE COVERAGE**

### **III. PROCEDURES**

#### **I. REFERENCES**

1. UCLA Policy 300, University Insurance and Risk Management;
2. UCLA Procedure 300.5, Transit Insurance, Securing Coverage and Reporting Claims;
3. UC Business and Finance Bulletin BUS-28, Property Self-Insurance Program;
4. UC Business and Finance Bulletin BUS-29, Management and Control of University Equipment, revised;
5. UC Business and Finance Bulletin BUS-39, Loss of or Damage to Property of Individuals.

#### **II. DESCRIPTION OF INSURANCE COVERAGE**

The BUS-28 self-insurance funding program for property is established to assist in the management of University resources. It outlines procedures for restoring property resulting from causes of loss not specifically excluded from the program, and to the extent of applicable coverage and deductibles, describes a mechanism to minimize effects of such losses upon the teaching, research, and public service functions of the University.

Coverage A - all risk property coverage, excluding earthquake and flood;

Coverage B - a buy down of the theft deductibles under Coverage A and;

Coverage C - coverage for goods in transit valued above \$100,000 per shipment, household moves and foreign shipments.

##### **A. Coverage**

Coverage under the University's Self-Insurance Program is extended to properties owned or in the care, custody, and control by The Regents of the University of California regardless of the location as follows:

1. Buildings and appurtenant structures (owned-operated);
2. Buildings and appurtenant structures for which responsibility has been assumed for loss or damage under a written agreement (non-owned);
3. Equipment, inventorial and non-inventorial and supplies in University care, custody and control;
4. Equipment on loan to external organizations if coverage is required by loan agreements (owned);
5. Library contents and collections;

6. University animals, but only for accidental death as described in BUS-28, Coverage C, Section XII.C.;
7. Fine Arts not insured under BUS-1 and;
8. Goods in transit within the continental United States and Canada valued up to \$100,000 per shipment, excluding movement by the U.S. Postal Service.

### **B. Exclusions**

The Self Insurance Program does not provide funding of claims resulting from loss or damage to the following property:

1. Property specifically insured under a commercial insurance policy, except applicable deductible contained in policies covering boilers and pressure vessels;
2. The loss of, or damage to, the personal property of individuals, including faculty, employees, and students (see BUS-39);
3. Automobiles, trucks, vans, buses, motorcycles, motorscooters, water craft, aircraft, spacecraft, satellites, or any other conveyance, including permanently attached contents thereof (except when in storage inside a University facility);
4. Loss of federally-financed property to which the University does not possess title and has no care, custody and control assumed under written contract;
5. Property of the Faculty Club;
6. Products of University research;
7. Sewers, curbs, walkways, underground pipe (except electrical conduit), trees, shrubs, plants, lawns growing crops, land, water, standing timber, buildings in course of construction prior to beneficial occupancy, excavations, grading, tilling activities, underground foundations, pilings in water, concrete, masonry bridges, dams, culverts, and earthen bulkheads when not part of a building;
8. In case of water damage, the source causing the damage, such as broken water main or pipes;
9. In case of water damage, the interior of a building if damage is caused by rain or snow whether or not driven by windstorm or hail unless the force of windstorm or hail results in actual visual damage to roof or walls;
10. Loss or damage of data for any reason, including from error in programming or instructing the machine, error in design data erasure caused by or resulting from magnetic injury or electrical disturbances, system intrusion, or loss of data from use of unauthorized software;
11. Accounts, bills, currency, deeds, evidence of debt, money, notes, securities, or similar valuables, except as they may be converted to data processing media form, and then only in that form; or any data processing media which cannot be replaced commercially with other of like, kind, and quality;
12. Electronic data processing property rented or leased to others; or
13. Fine arts in transit and goods in transit valued over \$100,000 per shipment, household moves, and foreign shipments, (see BUS-28, Coverage C).

### **C. Perils Not Covered**

The Self Insurance Program does not cover these perils:

1. Wear, tear, deterioration, rust or corrosion, mold, wet or dry rot, inherent or latent defect, faulty workmanship, mechanical breakdown, malfunction, derangement, misalignment, deferred maintenance, inherent vice, insects, vermin, or delay;

2. Loss or damage caused by or resulting from dryness or dampness of atmosphere, freezing, static electricity, or other extremes or sudden change of temperature;
3. Earthquake, landslide, mudflow, or any other earth movement unless loss by fire or explosion ensues;
4. Flood, surface water, waves, tidal water and waves, overflow streams or other bodies of water, breaking of boundaries of natural or man-made bodies of water, water which backs up through sewers or drains, water below surface of the ground which exerts pressure or flows, seeps, or leaks, or spray from any of the foregoing;
5. In case of water damage, continuous or repeated seepage or leakage of water or steam from within a plumbing, heating or air conditioning, or fire sprinkler system which occurs over a period of weeks, months, or years;
6. In case of water damage, lack of incoming electricity, fuel, water, gas, steam or refrigerant caused by an occurrence off the premises;
7. Unexplained or mysterious disappearance of any property (including money or securities), or shortage disclosed on taking inventory;
8. Explosion, rupture or bursting of any fired boiler, pressure vessel or electric steam generator, except fire box, unless fire or water damage ensues, and then only for ensuing damage, subject to limits of coverage described herein;
9. Loss or damage from mechanical breakdown, blowout, short circuit, or other electrically equipped property, unless fire ensues and then for such loss or damage caused by fire only;
10. Business interruption expense, loss of income, cost of temporary replacement equipment, or other indirect costs associated with occurrence of a covered peril herein, except as ancillary specified costs;
11. Loss or damage to electronic data processing property caused by delay, loss of market, or business interruption;
12. Loss or damage sustained due to any process or while property is actually being worked on and resulting therefrom or resulting from any repairing, restoration, or retouching process;
13. Loss or damage sustained by underwater exposure including equipment over-the-side whether tethered or not;
14. Loss caused by any dishonest act by any person to whom the covered property may be entrusted, carriers for hire excepted;
15. Loss or damage of data for any reason, including error in programming/instructing the machine, system intrusion, design error, data erasure caused by or resulting from magnetic injury or electrical disturbances, or data loss from use of unauthorized software;
16. Loss or damage caused by or resulting from theft from unattended University vehicles or vehicles operated on University business unless such vehicles are equipped with full enclosed bodies of good construction, fitted with locks standard to the particular make and type of vehicle, and unless at the time of such theft or attempt threat, the windows and doors of the vehicles are securely closed and locked and such theft or attempted theft is carried out by evidence of forced entry;
17. Loss or damage from hostile or warlike actions;
18. Loss or damage caused by nuclear hazards as outlined under the terms and conditions of a standard commercial, all risk insurance policy;

19. Loss or damage from any fraudulent, dishonest, or criminal act(s) committed alone or in collusion with others by any employee, officer, director, partner, trustee, or any other authorized representative of The Regents or others to whom the property may be entrusted. This exclusion shall not apply to carriers for hire;
20. Asbestos material removal unless the asbestos itself incurs a direct physical loss or damage caused by fire, lighting, explosion, windstorm or hail, smoke, aircraft or vehicle contact, riot or civil commotion, vandalism or fire protection system leakage;
21. Loss or damage caused by, resulting from, contributed to or made worse by actual, alleged or threatened release, discharge, escape or dispersal of contaminants or pollutants. Ensuing fire damage is not excluded.

#### **D. Deductibles**

##### 1. Coverage A

- a) The deductible under Coverage A is subject to a standard \$250 deductible per occurrence, except as noted below. The deductible is to be apportioned among departmental accounts affected by a single occurrence at the direction of the Chancellor or Chancellor's designee (Campus Risk Manager).
- b) Theft:
  - Forced entry theft deductible is \$1,000 per occurrence.
  - Non-forced entry theft deductible is \$5,000 per occurrence.
- c) Domestic Transit shipments under \$100,000 per shipment: No deductible if all or partial payment is made by carrier. If no payment for loss is made by carrier, then a \$250 deductible per occurrence applies.
- d) Water Damage:
  - For each loss, a deductible of \$5,000 per occurrence will be applied. Funding of the deductible is the responsibility of the Campus.
  - Losses up to \$50,000 per occurrence will be funded by the Office of Risk Management, Office of the President, through the self-insurance funding program, subject to the \$5,000 deductible.
  - Losses greater than \$50,000 will be funded at 90 percent by the Office of Risk Management, Office of the President, through the self-insurance funding program subject to the \$5,000 deductible.

##### 2. Coverage B

Buy-Down Deductible for Theft:

The BUS-28, Coverage B Program provides an opportunity to buy-down the deductible for theft coverage by payment of a specified rate. Coverage is extended worldwide. The premium for purchasing the buy-down deductible is \$0.40 per \$100 of value per fiscal year.

##### 3. Coverage C

Domestic Shipments, Employee Household and Foreign Shipments:

The provisions of the BUS-28, Coverage C Program shall apply to goods in transit valued at over \$100,000 per shipment, household moves and foreign shipments. Refer to BUS-28, Coverage C and UCLA Procedure 300.5.

Note: Faculty members, staff and students should understand that the University does not assume responsibility for any personal property brought on Campus or used in the course of performing regular job duties in the event of loss or damage by fire, theft, or

other causes. Protection against such risks may be obtained by employees and students through an insurance broker or agent under various types of privately held policies (fire, all-risk, valuable papers, etc.) the cost of which will depend upon the kind of property, type of coverage, and location.

**III. PROCEDURES**

**A. Reporting Procedure - Loss Or Damage**

RESPONSIBILITY	ACTION
Department Head	Reports to the UCLA Police Department in person or by telephone, within 24 hours, all losses of money, securities, or property owned by or in the care, custody and control of the University. Preserves damaged property if possible. <ul style="list-style-type: none"> <li>• Loss of or total damage to inventorial equipment also must be reported on an Equipment Inventory Modification Request form and sent to the Equipment Management department.</li> <li>• Property loss or damage caused by water or fire should be reported directly to the Office of Insurance and Risk Management.</li> </ul>
UCLA Police Department	Forwards report to Office of Insurance and Risk Management.

**B. Requesting Funding Of Loss Procedure**

RESPONSIBILITY	ACTION
Office of Insurance and Risk Management	Reviews UCLA Police Department's report to determine if the loss may be eligible for reimbursement If loss is eligible, requests department to complete <u>Report of Property Loss or Damage</u> form (available from the Office of Insurance and Risk Management).
Department Head	Completes form and prepares supplemental additional written reports, statements, original invoice or purchase order and replacement costs as appropriate to assist in the evaluation and requests for funding of the loss. Submits forms and supporting documents to Office of Insurance and Risk Management.
Office of Insurance and Risk Management	Reviews the need for replacement or repair. Forwards the report and documentation to the Systemwide Claims Manager for funding.
Systemwide Claims Manager	Reviews and approves or denies request for funding of loss.
Systemwide Claims Manager (cont'd)	If request is approved, deposits funds to the departmental account with copy of the journal to Office of Insurance and Risk Management. -or- If request is denied, forwards a written explanation of the action taken to the Office of Insurance and Risk Management.
Office of Insurance and Risk Management	Forwards copy of journal or written explanation to the department.

**Issuing Officer**

**/s/ Sam J. Morabito**

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**Associate Vice Chancellor, Business &  
Financial Services**

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**Questions concerning this policy or procedure should be referred to  
the Responsible Department listed at the top of this document.**

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