

# UC Davis Policy and Procedure Manual

## Chapter 370, Risk Management

### Section 30, Property Insurance

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Responsible Department: Risk Management

Source Document: Business and Finance Bulletin BUS-28, Property Self-Insurance Program

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[Exhibit A. Equipment Lockdown Program](#)

[Exhibit B. Theft Deductible Buydown](#)

[Exhibit C. University of California Property/Casualty Loss Form](#)

#### I. Purpose

This section outlines University policy concerning the University's property self-insurance fund and procedures for reporting losses and filing claims for the replacement of lost or damaged property. This is a general description, summarizing the provisions of UC Business & Finance Bulletin BUS-28. In case of conflict, the provisions of BUS-28 control.

#### II. Policy

- A. The University self-insures for most types of property loss and damage in order to minimize the effects of unexpected losses. Coverage is automatic and no application for coverage is required, except for certain transit coverages and the theft deductible buydown.
- B. When a loss occurs and all program requirements are met, Risk Management--Property & Liability (campus) or Risk Management (UCDHS) will request funding for repair or replacement from the Office of the President.
- C. This policy does not supersede or modify policies that concern specific operations (such as the University Club), vehicles, or types of property (such as boilers and watercraft) that are insured under formal insurance policies purchased from outside insurers.

#### III. Coverage

The self-insurance fund covers all risks of direct physical loss of or damage to property owned by or in the care, custody, and control of The Regents, regardless of location or in transit. The self-insurance fund also covers certain indirect costs described in BUS-28, paragraph IV.

##### A. Property covered

See BUS-28 for the full definition of covered property.

- 1. Buildings owned by the University or for which responsibility has been assumed under a written agreement.
- 2. Equipment, including farm equipment, and supplies in University care, custody, and control. If the property is not owned by the University, it is only covered if a contract, purchase order, or other formal written agreement has been executed. (See Section 350-65 regarding equipment loan agreements.)
- 3. Library contents and collections.
- 4. Animals.
- 5. Fine arts. Upgraded coverage is available; see Section 370-35.

##### B. Property not covered

The following kinds of property are not covered under the self-insurance fund. See BUS-28 for full definitions of property not covered.

1. Property insured under a commercial insurance policy, except the deductible in policies covering boilers and pressure vessels.
2. Personal property of individuals. Refer to Section 370-40 for further information.
3. Vehicles, watercraft, and aircraft (except when in storage inside a UC facility). See Section 370-25 regarding vehicle insurance.
4. Federally financed property if the University does not have title and has not assumed care, custody, or control in a contract.
5. Property of the University Club.
6. Products of University research.
7. Sewers, curbs, walkways, underground pipe, land, plants, buildings under construction, excavations, grading, 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.
10. Loss or damage of data.
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 that cannot be replaced commercially with other of like kind and quality.
12. Electronic data processing property rented or leased to others.
13. Fine arts in transit and goods in transit valued over \$100,000 per shipment, household moves, and foreign shipments.

C. Perils not covered

This program does NOT cover the following perils:

1. Wear, tear, deterioration, rust or corrosion, mold, rot, inherent or latent defect, mechanical breakdown, malfunction, derangement, misalignment, deferred maintenance, insects, vermin, or delay.
2. 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.
5. Continuous or repeated leakage of water or steam from within a plumbing system that occurs over a period of weeks or longer.
6. In case of water damage, lack of incoming electricity, fuel, water, gas, steam, or refrigerant caused off the premises.
7. Unexplained or mysterious disappearance of any property (including money or securities), or shortage disclosed on taking inventory.
8. Explosion or bursting of a boiler, pressure vessel, or steam generator, except fire box, unless fire or water damage ensues.

9. Mechanical breakdown, blowout, or electrical disturbance within any electrically equipped property unless fire ensues.
10. Business interruption expense, loss of income, cost of temporary replacement equipment, or other indirect 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.
13. Underwater exposure.
14. Any dishonest act by any person to whom the covered property may be entrusted, carriers for hire excepted.
15. Loss or damage of data.
16. Theft from unattended University vehicles or vehicles operated on University business unless such vehicles are securely closed and locked and there is evidence of forcible entry.
17. War.
18. Nuclear hazards.
19. Fraudulent, dishonest, or criminal acts committed by any employee or any other authorized representative of The Regents or others to whom the property may be entrusted, carriers for hire excepted.
20. Asbestos removal (see BUS-28 for exceptions).
21. Release of pollutants.

D. Transit coverage

1. Domestic shipments

Domestic shipments valued under \$100,000 are automatically covered at no cost. Coverage can be purchased for shipments of goods valued over \$100,000 via any common (commercial) transit carrier within the continental United States and Canada.

2. Domestic shipments of employee household goods

The coverage described in 1, above, can be used to cover domestic movement of personal household goods including shipping of automobiles. However, coverage must be requested in advance in writing. Coverage applies to shipments via any common transit carrier moving within the continental United States and Canada.

3. Foreign shipments

University shipments outside the continental United States can be covered on a commercial open cargo policy. Contact Risk Management--Property & Liability (campus) or Risk Management (UCDHS) for rates.

E. Funding

1. Premiums

Premiums are funded centrally. No premiums are charged to departments, except that Office of the President--Risk Management recharges premiums to self-supporting departments once a year.

2. Limit of coverage

- a. Property, when not in transit, is covered up to its full replacement cost for repair or replacement with property or materials of like kind or quantity exclusive of betterment or technological advances. If the property is not replaced, the limit is the actual cash value at the time of the loss.
- b. Property in transit is covered worldwide, up to \$100,000 per shipment. See III-D, above, for information on shipments valued over \$100,000.
- c. Fine arts losses will be on declared value, or in the absence of declared value, the fair market value.

3. Deductibles

Covered losses are subject to a deductible for each occurrence. The department with assigned physical custody of the property is responsible for funding the deductible. The deductible amount is:

- a. Water damage: \$5,000 per occurrence.
- b. Theft: \$1,000 per occurrence for theft where force is evident; \$5,000 where no force is evident. The deductible will not apply if the department has either taken appropriate security measures (Exhibit A) or purchased a theft deductible buydown (Exhibit B).
- c. Transit: \$250 per occurrence. If the carrier pays a portion of the claim, the self-insurance program will pay the remaining amount of claim with no deductible applied.
- d. All other losses: \$250 per occurrence.

**IV. Procedures**

A. Obtaining coverages

Contact Risk Management--Property & Liability (campus) or Risk Management (UCDHS) to obtain rates and forms.

B. Reporting losses and filing claims

1. Follow the procedures in Section 350-85 (Loss of or Damage to University Property) for all losses. These procedures must be followed even if no insurance claim is made.
2. To file an insurance claim, the department completes the Property/Casualty Loss Report (Exhibit C), attaches all available supporting documentation, and sends it within 24 hours to Risk Management--Property & Liability (campus) or Risk Management (UCDHS).
3. Refer to Section 350-40 to file visible or concealed shipment damage claims.

**V. Further information**

For further information, contact Risk Management--Property & Liability (campus) at 752-0797 or Risk Management (UCDHS) at 734-3883.

**VI. Reference**

Business & Finance Bulletin BUS-28, Property Self-Insurance Program, 7/1/92 (available on the World Wide Web at <http://www.ucop.edu/ucophome/policies/bfb/bus28.html>).