



MEMORANDUM OF COVERAGE (MOC): HOW AM I SUPPOSED TO READ THIS?

ERIC LUCAS, JD, CPCU, ARM SVP PLCA
NICOLE FAYAZ, DIRECTOR OF ACCOUNT MANAGEMENT

SWACC MOC DEMYSTIFICATION - WHAT IT: IS & ISN'T HAS & HASN'T DOES & DOESN'T

What It Is & Isn't

It is: A Member owned document. (Preamble)

It isn't: An insurance policy. (Preamble)

It is: Designed to provide P&C coverage. (Preamble)

It isn't: Subject to regulation under the CA Ins Code. (Preamble)

It is: Designed to avoid coverage disputes, eliminate misunderstandings regarding coverages, clarify the claims handling process, and provide a doc which easily identifies what is or is not covered. (Preamble) No Delay, Deny and Defend from the commercial insurance world playbook.

It isn't: Full of old English words/phrases like: In Witness Whereof; Ab Initio; Declinature; Executed & Attested; Sue and Labour; Force Majure; and Bumbershoot

What It Has and Hasn't

It Has: Broad coverage grants for A Liab and B Prop “all risk unless specifically excluded” (Article II)

It Has: Numerous exceptions or carve outs from exclusions (Article IV)

Cov A- 21 Exclusions listed but 10 of those contain words such as “except”, “however”, “exclusion doesn’t apply”, and “exclusion shall not apply”.

Cov B- 14 Exclusions listed but 11 of those contains words such as “however:”, “unless”, “but” “shall not apply”, and “except”.

It Hasn't: Any requirement of reinsurance/reinsurer approval-all decision making is local.

What It Does and Doesn't

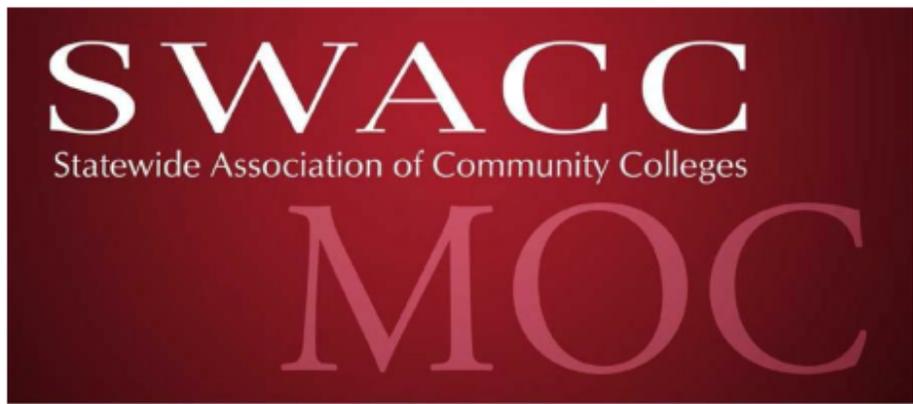
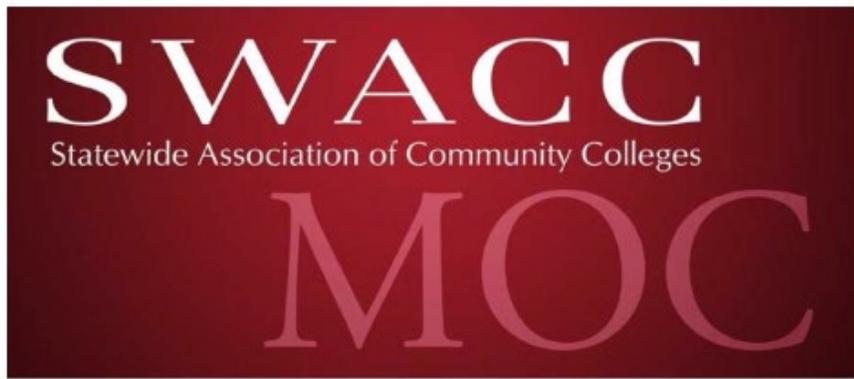
It Does: Exist as an interactive document-see Claims & Coverage Committee and Board involvement as to yearly reviews.

It Does: Give members an avenue to resolve a difference-see Dispute Resolution w/in Conditions; via Arb which is “friendlier” or “more amicable” arguably, than litigation. (99.9% of the time it is!)

It Does: Remove secrets, what you see is what you get, no inherent obscurity, no double meanings or “unintentional” or “hidden” intent.

It Does: Transfer the unknown into the known; transfer anxiety about ignorance to better comprehension; and serves the best interest of the members.

It Doesn't: Leave the member rudderless when they suffer a loss.



MEMORANDUM OF COVERAGE

MEMORANDUM OF COVERAGE

Coverage Period:
July 1, 2025 - July 1, 2026

TABLE OF CONTENTS

PREAMBLE 1

ARTICLE I – WHO IS COVERED 2

ARTICLE II – WHAT IS COVERED 2

 A. Coverage A – Liability 2

 B. Coverage B – Property 2

ARTICLE III – TERMS AND LIMITATIONS OF COVERAGE 3

 A. General 3

 B. Auxiliary Organizations 4

 C. Covered Individuals 4

 D. Additional Covered Parties 4

 E. Breach of Contract 5

 F. Uninsured/Underinsured Motor Vehicle Coverage Limits and Reductions 5

 G. Limitations on Coverage B - Property Coverage 6

 H. Vacant Real Property 7

 I. Increased Cost of Construction 8

 J. Debris Removal 8

 K. Builder's Risk for Covered Projects 9

 L. Equipment Breakdown Coverage 10

 M. Valuations 12

 N. Additional Coverages 14

 O. Member Retained Limit 14

ARTICLE IV – EXCLUSIONS 15

© 2025 Keenan & Associates. All Rights Reserved.



Preamble

Article I – Who is Covered

Article II – What is Covered

Article III – Terms and Limitations
of Coverage

Article IV – Exclusions

Article V – General Conditions

Article VI – Definitions



Preamble

Article I – Who is Covered

Article II – What is Covered

Article III – Terms and Limitations
of Coverage

Article IV – Exclusions

Article V – General Conditions

Article VI – Definitions



Preamble

Article I – Who is Covered

Article II – What is Covered

Article III – Terms and Limitations
of Coverage

Article IV – Exclusions

Article V – General Conditions

Article VI – Definitions



Preamble

Article I – Who is Covered

Article II – What is Covered

**Article III – Terms and
Limitations of Coverage**

Article IV – Exclusions

Article V – General Conditions

Article VI – Definitions

Preamble

Article I – Who is Covered

Article II – What is Covered

Article III – Terms and Limitations
of Coverage

Article IV – Exclusions

Article V – General Conditions

Article VI – Definitions

Yes

No

It Depends



*Duties in the
Event of a Loss*

Report...

- *Fatality*
- *Errors and omission*
- *Loss of limb*
- *Serious head injury*
- *Employment litigation*
- *Breach of contract*

Preamble

Article I – Who is Covered

Article II – What is Covered

Article III – Terms and Limitations
of Coverage

Article IV – Exclusions

Article V – General Conditions

Article VI – Definitions

Nope.

/nəʊp/

exclamation [INFORMAL]

a very clear, wholehearted, vehement and firm “no”.

Preamble

Article I – Who is Covered

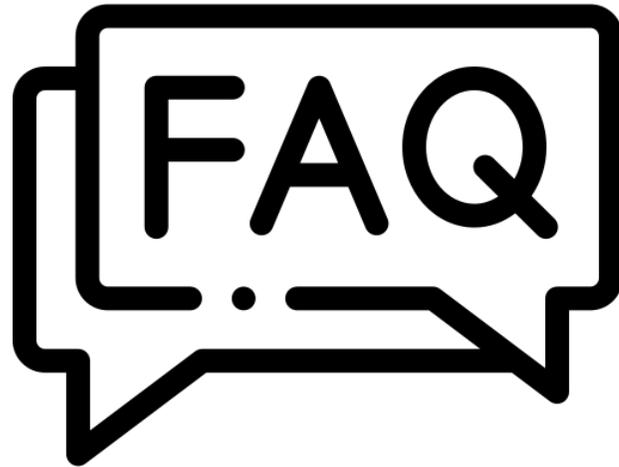
Article II – What is Covered

Article III – Terms and Limitations
of Coverage

Article IV – Exclusions

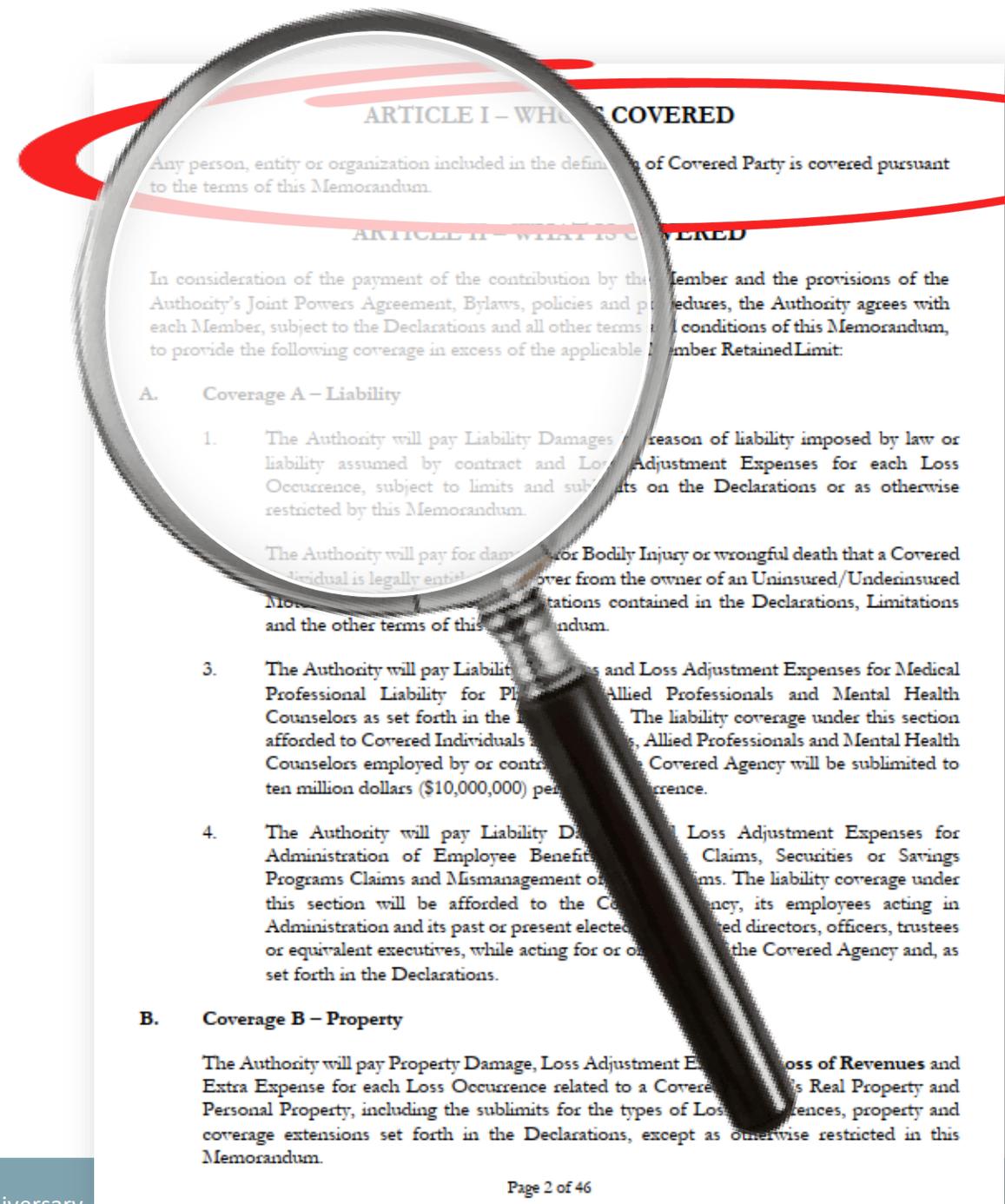
Article V – General Conditions

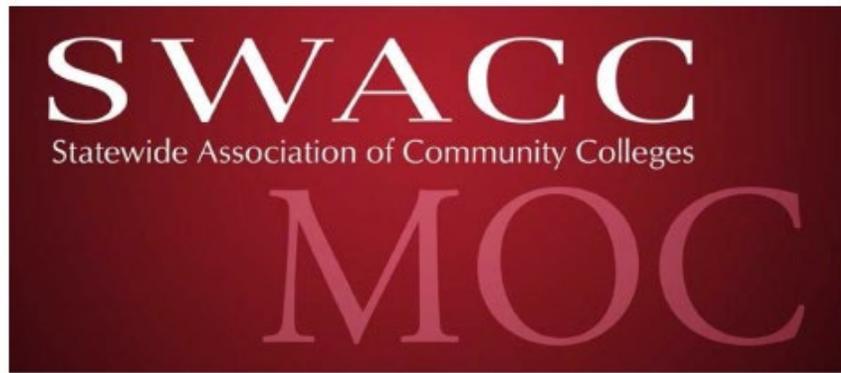
Article VI – Definitions



*“Are employees covered
while going to a
conference?”*

- Preamble
- **Article I – Who is Covered**
- Article II – What is Covered
- Article III – Terms and Limitations of Coverage
- Article IV – Exclusions
- Article V – General Conditions
- Article VI – DEFINITIONS





MEMORANDUM OF COVERAGE

Coverage Period:
July 1, 2025 - July 1, 2026

© 2025 Keenan & Associates. All Rights Reserved.

ARTICLE I – WHO IS COVERED

Any person, entity or organization included in the definition of Covered Party is covered pursuant to the terms of this Memorandum.

ARTICLE VI – DEFINITIONS

Covered Party means:

1. a **Covered Agency**; or
2. an **Auxiliary Organization**; or
3. a **Covered Individual**; or
4. the **Authority** itself; or
5. an **Additional Covered Party**

ARTICLE VI – DEFINITIONS

Covered Party means:

1. a **Covered Agency**; or
2. an **Auxiliary Organization**; or
3. a **Covered Individual**; or
4. the **Authority** itself; or
5. an **Additional Covered Party**

Covered Agency means the **Member** and the other public agency or agencies listed on the Declarations.

Member means the public agency that is a member of the Authority pursuant to the terms of a joint powers agreement.

Auxiliary Organization means an organization or group formed specifically as a pupil or district support, or fundraising organization, and in accordance with Education Code {72670-72682} and Code of Regulations, Title 5 {59255-59272}. Auxiliary organization must be sanctioned by a Covered Agency and endorsed to this Memorandum.

Covered Individual means:

1. persons who are past or present elected or appointed officials, **Employees** or Volunteers of the Covered Agency, while acting for or on behalf of the Covered Agency, including while acting on outside boards at the direction of the Covered Agency...

Employee means any natural person:

1. while in the Covered Agency's service and
2. whom the Covered Agency compensates directly by salary, wages or commissions in a full-time, part-time, or probationary capacity and
3. whom the Covered Agency has the right to direct and control while performing services for the Covered Agency.

However, Employee does not mean any agent, broker, independent contractor of the Covered Agency.

Covered Individual means:

1. persons who are past or present elected or appointed officials, Employees or **Volunteers** of the Covered Agency, while acting for or on behalf of the Covered Agency, including while acting on outside boards at the direction of the Covered Agency...

Volunteer means a natural person who has been authorized or approved by a Covered Agency to perform specific duties for such Covered Agency not otherwise excluded under this Memorandum.

Covered Individual means

2. Covered Agency's students while acting solely within the scope of their duties while enrolled in the Covered Agency's curriculum to provide services to third parties.

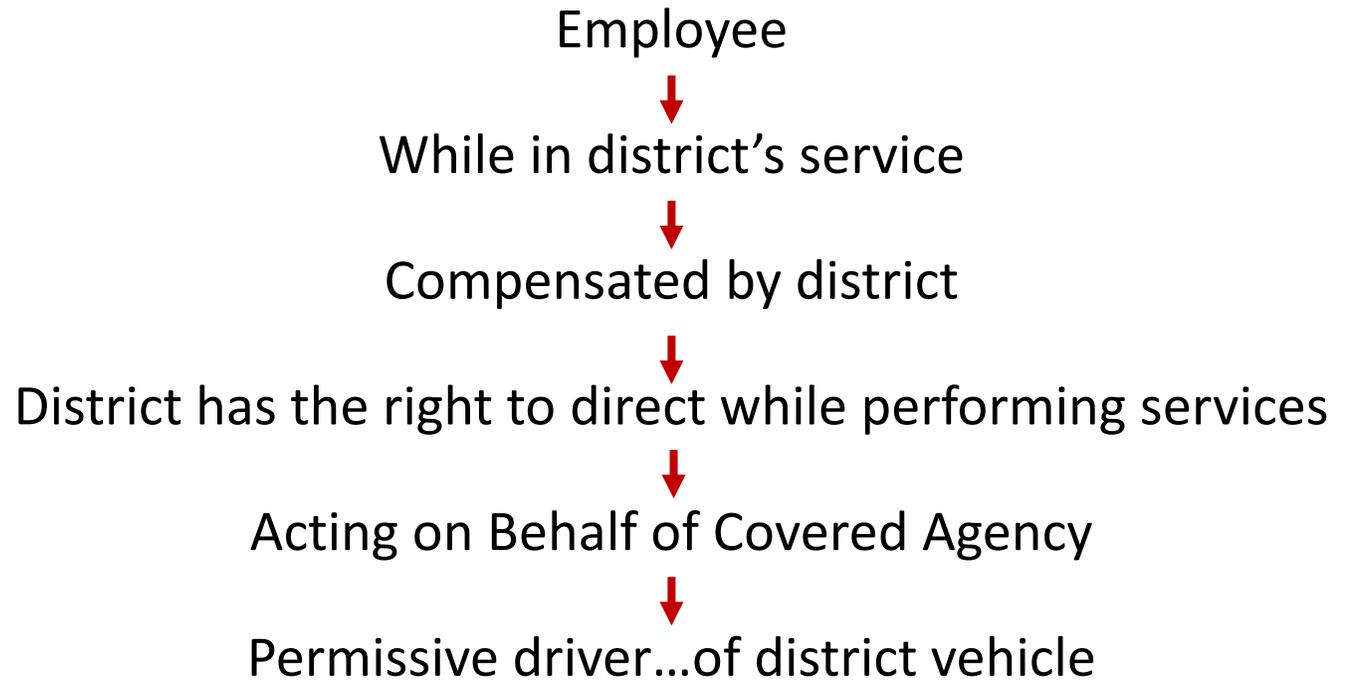
Covered Individual means

3. for purposes of Motor Vehicle liability, the permissive driver of any of the Covered Agency's Motor Vehicles.



“Are employees covered while going to a conference?”

Covered Individual

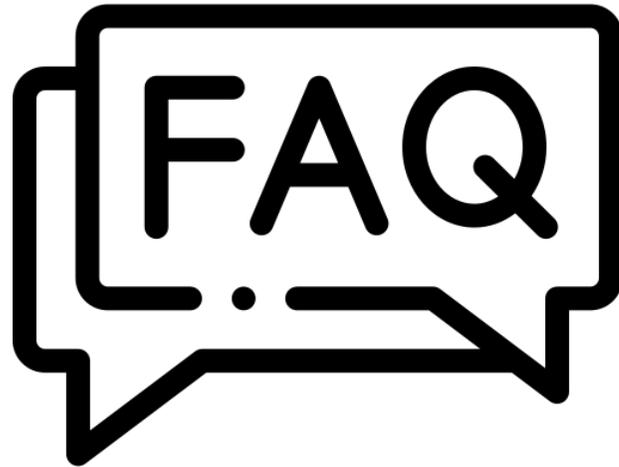


Liability Scenario

District employee was approved to attend an offsite training and use their personal vehicle to attend. The employee leaves their district office en route to the training but decides to stop at their home and have a couple of drinks. Seeing that there is plenty of time to get to the training, the employee stops into a local pub and has a couple of more drinks and then gets back on the road. As the employee nears the destination, the employee blows a red light and T-bones another vehicle causing severe injury to the occupant of that car.

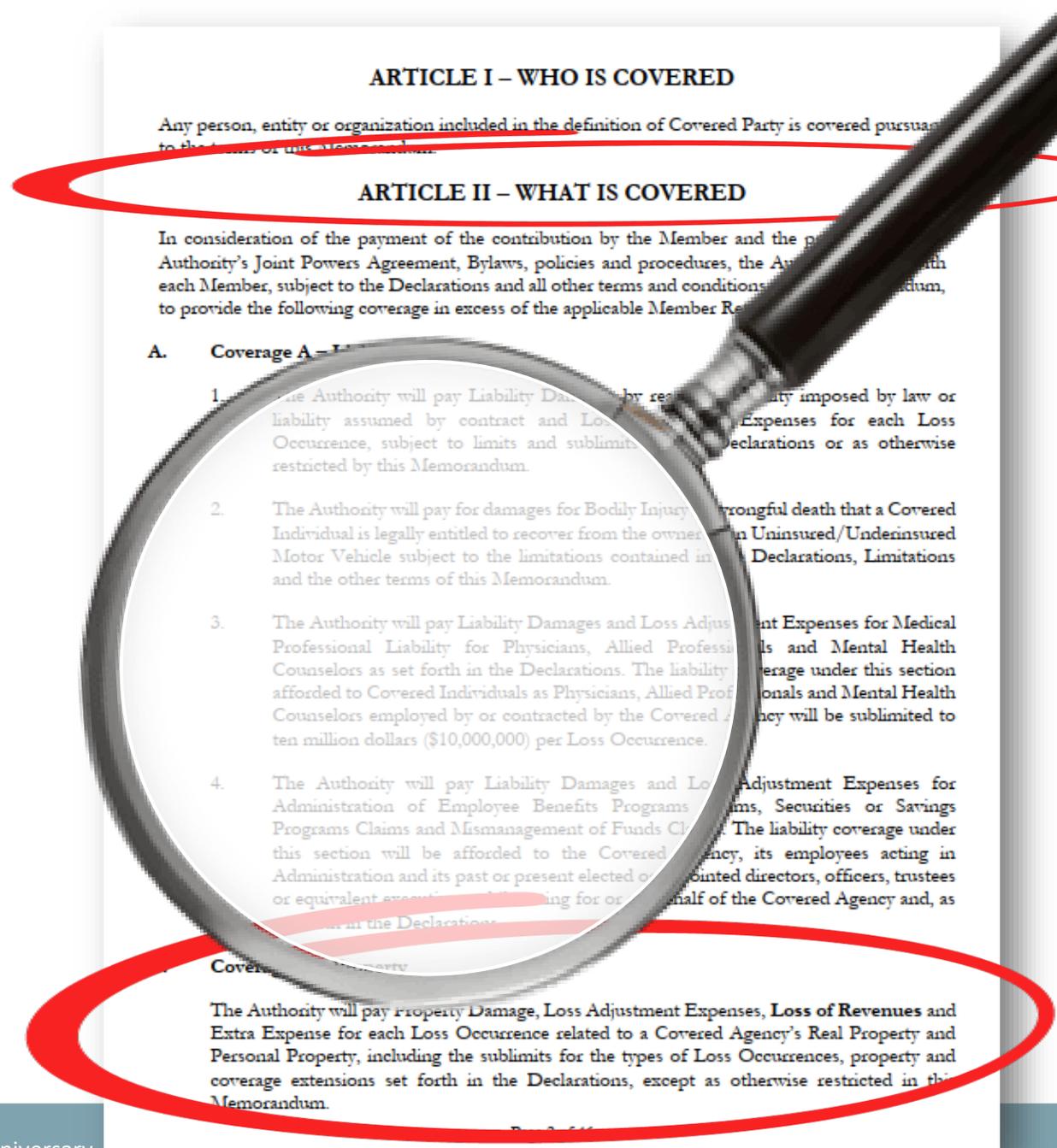
Occupant files suit over the incident and names the district and the employee as codefendants.

What coverage issue(s) are presented?



“Is my building covered for water damage?”

- Preamble
- Article I – Who is Covered
- **Article II – What is Covered**
- Article III – Terms and Limitations of Coverage
- Article IV – Exclusions
- Article V – General Conditions
- Article VI – DEFINITIONS



SWACC

Statewide Association of Community Colleges

MOC

MEMORANDUM OF COVERAGE

Coverage Period:

July 1, 2025 - July 1, 2026

© 2025 Keenan & Associates. All Rights Reserved.

ARTICLE II – WHAT IS COVERED

The Authority will pay Property Damage, Loss Adjustment Expenses, Loss of Revenues and Extra Expense for each Loss Occurrence related to a Covered Agency's Real Property and Personal Property, including the sublimits for the types of Loss Occurrences, property and coverage extensions set forth in the Declarations, except as otherwise restricted in this Memorandum.

ARTICLE II – WHAT IS COVERED

§

The Authority will pay Property Damage, Loss Adjustment Expenses, Loss of Revenues and Extra Expense for each Loss Occurrence related to a Covered Agency's Real Property and Personal Property, including the sublimits for the types of Loss Occurrences, property and coverage extensions set forth in the Declarations, except as otherwise restricted in this Memorandum.

ARTICLE VI – DEFINITIONS

Property Damage means:

§

The sums incurred or payable to repair or replace Real Property or Personal Property as a result of a Loss Occurrence

Loss Occurrence means:

For Coverage B – Property: the predominant cause of

- (a) physical injury to,
- (b) direct physical loss of, or
- (c) destruction of tangible property resulting in the loss of use of such tangible property.

For coverage to apply, the predominant cause must not be excluded by this Memorandum.

ARTICLE VI – DEFINITIONS



Real Property means:

completed **Buildings** and **Structures,**

Building means:

A permanent structure with walls and a roof that is affixed to a permanent site and capable of occupancy, including portable or modular structures that have been installed.

Structure means:

Tangible item built or constructed on, and attached to, land. Structures include but are not limited to fencing and enclosures, garages, gazebos, greenhouses, kiosks, sheds and utility buildings.



“Is my building covered for water damage?”

Property damage
↓
Payable to repair Real Property
↓
Of a completed permanent structure
↓
For Loss Occurrence caused by physical loss/destruction
↓
...**not excluded** by this memorandum

Don't forget **Article III Terms and Limitations OR Article V General Conditions**

ARTICLE III – TERMS AND LIMITATIONS OF COVERAGE

Limitations on Coverage B – Property Coverage

1. The coverage provided by Coverage B – Property shall only cover:

- a) Real Property that has been reported to the Authority or Personal Property; and
- b) for which contribution has been paid; and
- c) that is legally owned by the Covered Agency or for which a Covered Agency has accepted responsibility.

2. The sums incurred or payable to repair or replace Real Property or Personal Property shall be limited by the following:

- a) The Authority will not pay more than the amount determined by the Valuations section below...

ARTICLE III – TERMS AND LIMITATIONS OF COVERAGE

Coverage is provided for Vacant Real Property at which the Covered Agency has not conducted its normal activities for a period of more than one hundred eighty (180) consecutive days, so long as the following “Vacancy Protective Safeguards” are maintained

Vacant Real Property

Heating is maintained to keep pipes from freezing

External and internal inspections of the Vacant Real Property are conducted on a monthly basis

Existing sprinkler, fire protection and heat or smoke detection systems are maintained in service, if feasible

Water supply has been turned off, if feasible

Existing intrusion detection systems are maintained in service

Any debris or hazardous materials, including unnecessary combustibles

Pollutants or chemicals are removed

Perimeter doors and accessible perimeter windows are secured

Existing exterior and interior motion or timed lighting is maintained

Unnecessary electrical equipment is turned off

ARTICLE III – TERMS AND LIMITATIONS OF COVERAGE

Vacant Real Property

Coverage is provided for Vacant Real Property at which the Covered Agency has not conducted its normal activities for a period of more than one hundred eighty (180) consecutive days, so long as the following “Vacancy Protective Safeguards” are maintained

If the Insured Location where loss or damage occurs has been Vacant Real Property for more than one hundred eighty (180) consecutive days before that loss or damage occurs and the Covered Agency warrants that the Vacancy Protective Safeguards have not been maintained, the Manager and/or Authority will value the loss or damage at the location at ninety percent (90%) of the lesser of Actual Cash Value, the cost to repair, or the sale value of the property less the value of the land for Property Damage.

ARTICLE V – GENERAL CONDITIONS

Duties in the Event of a Loss Occurrence

The Covered Party shall...

- Take all reasonable steps to protect the Covered Property from further damage, and keep a record of all expenses necessary to protect the Covered Property, for consideration in the settlement of the Loss Occurrence;
- If feasible, set any damaged property aside and in the best possible order for examination;
- As often as may be reasonably required, permit the Authority to inspect the property proving the loss or damage;
- Permit the Authority to take samples of damaged and undamaged property for inspection, testing and analysis.

Property Scenario

District building suffers damage due to a slow, undetected, roof leak that then, upon discovery, unveils mold, structure rot and/or structural issues as a result.



And Not



What coverage issue(s) are presented?

ARTICLE IV – EXCLUSIONS

Under Coverage B - Property, this Memorandum does not apply to and no coverage is provided for any Loss Occurrence resulting from or related to any of the following:

Loss caused by wear and tear, marring or scratching; deterioration, inherent vice, latent defect; rust, mold (wet or dry), contamination, dampness or dryness of atmosphere, changes in or extremes of temperatures; seepage or leakage of water or steam not sudden and accidental; smog, smoke from agricultural smudging or industrial operations; or birds, vermin, rodents, insects or animal.

KEYS TO COVERAGE

What was the cause of the loss?

Not the resulting damage

Fortuitous?

Chance or accident v. lack of maintenance or by design

Unforeseen?

“Force Majeure”; an event or circumstance that could not have been reasonably anticipated or prepared or guarded against through reasonable diligence/reasonable prudence; EQ or pandemic or act of war

Fact Specific

Objectively true; concrete details that provide evidence and credibility

Maintenance is on you

This is a fact that cannot be explained away; **YES** we did or **NO** we didn't

Let It Flow To Coverage

Is The Claim Within
The Coverage Grant?



YES

Do Any Exclusions
Apply?
Any Exceptions?

NO



YES

Did District Comply
With Conditions?

YES



COVERED



No Coverage

No Coverage

No Coverage