



September 15, 2006

**TO:** District Superintendents and Business Managers  
SISC II Member Districts

**FROM:** J.B. Jett, Chief Administrative Officer

This will verify that insurance coverage for your school district for the 2006-07 school year is in force. The coverage provided is set forth in the Memorandum of Coverage. Please consult the Memorandum of Coverage to fully understand the nature of and limitations upon the coverage afforded.

Subject to the specific terms of the Memorandum of Coverage, the following is a general, non-inclusive description of the types and amounts of coverage afforded.

**LIABILITY COVERAGE** – The Memorandum of Coverage affords four (4) types of liability coverage. Subject to the exclusions, definitions, conditions and other limitations, these coverages afford the following types of protection:

Under Coverage “A. Bodily Injury and Property Damage Coverage,” SISC agrees to pay on behalf of the covered party sums which the covered party is legally obligated to pay as damages by reason of liability imposed by law or assumed or retained under contract because of bodily injury or property damage caused by an “occurrence.”

Coverage “B. Errors and Omissions Liability In Wrongful Acts” extends coverage to the covered party for sums which the covered party is legally obligated to pay as damages because or “errors or omissions” or “wrongful acts,” as those terms as defined, caused by an “occurrence.”

Coverage “C. Governing Board Liability” affords coverage to the covered party for damages which the governing board of the covered party is required to provide coverage in compliance with the provisions of Sections 35208 and 72506 of the Education Code, if caused by an “occurrence.”

Coverage “D. Other” affords coverage to the covered party for sums which it is legally obligated to pay as damages for which the covered party is authorized to obtain coverage under Part 6, Section 989 and 990 of Division 3.6, of Title 1 of the Government Code, if caused by an “occurrence.”

**Deductible** - Your district has a **\$1,000.00 deductible applicable per occurrence on each claim/loss.**

Liability Limits - Under Memorandum of Coverage No. SLP 7106 07, effective 7-1-06 to 1-1-08, SISC II provides \$1,500,000.00 limits over the district's deductible. Excess coverage is provided by private carrier, to the level of \$48,500,000.00 in excess of \$1,500,000.00 limit per occurrence for a total of \$50,000,000.00.

Coverage Generally Applies To, Subject To The Exclusions, Definitions, Limitations And Conditions, For The Following:

1. Named covered party (District)
2. Officers and members of governing board
3. Employees
4. Volunteers
5. Student body organizations and auxiliary organizations

Coverage Generally Is Afforded, Subject To The Exclusions, Definitions, Limitations And Conditions, For The Following:

1. Premises Liability
2. Operations Liability
3. Professional Liability
4. Products Liability
5. Contractual Liability
6. Errors & Omissions
7. Employment Practices Liability

Coverage is written on an occurrence form for bodily injury (B.I.), property damage (P.D.), and personal injury (P.I.).

**AUTOMOBILE COVERAGE** - Under Memorandum of Coverage No. SAP 7106 07, effective 7-1-06 to 1-1-08, SISC II provides coverage for owned autos, hired autos, borrowed autos and non-owned autos.

Subject to the exclusions, definitions, conditions and other limitations, automobile coverage includes:

1. Auto liability
2. Collision loss
3. Comprehensive
4. Garage liability
5. Garage keepers' legal liability

SISC II has a \$1,500,000.00 self-insured retention (S.I.R.) over the district's \$1,000.00 deductible feature per accident. Excess coverage is provided by private carrier, to the level of \$48,500,000.00 in excess of \$1,500,000.00 for a total of \$50,000,000.00 limit per accident.

**PROPERTY COVERAGE** - Applies to all property of the insured including both real and personal property and including personal property of others for which the insured is liable under policies issued by Newmarket Underwriters Insurance Company and RSUI Indemnity Company effective 7-1-06 to 1-1-08, with a combined total of \$100,000,000.00.

Perils Covered - All risk of direct physical loss or damage, subject to the exclusions, definitions, conditions and other limitations set forth in the policy.

**District deductible is \$2,500.00.** (The deductible is \$3,750.00 if the building is over \$655,000 in value and is not alarmed).

Extensions of Coverage/Sublimits of Liability

- |   |                |
|---|----------------|
| 1. Extra expense  | \$1,000,000.00 |
| 2. Real or personal property at any unscheduled location/<br>exhibition | \$4,000,000.00 |
| 3. Transit  | \$1,000,000.00 |
| 4. Valuable papers  | \$50,000.00    |

5. Accounts Receivable	\$50,000.00
6. Property of students/employees	\$50,000.00
7. Non-owned buildings	\$250,000.00
8. Pollution cleanup, per occurrence & annual aggregate limit	\$250,000.00
9. Cost of inventory and insured's adjustment expenses	\$30,000.00
10. Trees, plants or shrubs	\$5,000.00
11. Media	\$500,000.00

Property Not Covered - As Follows:

1. Currency, money, notes, securities, deeds and evidences of debt
2. Growing crops or standing timber, land, trees, shrubs and lawns, land values or water
3. Animals, aircraft or watercraft
4. Vehicles licensed and designed principally for highway use when in use and away from the insureds premises, unless endorsed hereon
5. Excavations, gradings and filling, underground flues, pipes or drains, reservoirs, dams and other like structures
6. Property sold by the Insured under conditional sale, trust agreement, installment, or other deferred payment plans after delivery to customers, unless endorsed hereon
7. Property while covered under import or export ocean marine policies
8. Shipments by mail, except registered, unless endorsed hereon

Real property (buildings) and business personal property (contents) for SISC II member districts are insured to a limit of \$100,000,000.00, per occurrence, subject to the districts **\$2,500.00 deductible** feature. SISC II has a \$250,000.00 self-insured retention (S.I.R.) over the districts deductible feature per occurrence/loss. There is no property limit per building, per location or per district. Building and contents are insured for replacement cost; however, to recover replacement cost on a loss requires proof of actual replacement.

**COMPREHENSIVE CRIME** - is covered under National Union Fire Insurance Company policy No. 006728864 (subject to the policy's exclusions, definitions, conditions and other limitations) as follows:

Inside crime	\$250,000.00 limit	\$1,000.00 deductible
Outside crime	\$250,000.00 limit	\$1,000.00 deductible
Depositors forgery	\$250,000.00 limit	\$1,000.00 deductible
Employee dishonesty	\$250,000.00 limit	\$1,000.00 deductible
Credit card forgery	\$250,000.00 limit	\$1,000.00 deductible

Coverage is effective 7-1-06 to 7-1-07.

**BOILER AND MACHINERY** - Coverage is provided to member districts under policy of insurance No. FBP2253749 issued by Hartford Steam Boiler Company for the period of 7-1-06 to 7-1-07, subject to the policy's exclusions, definitions, conditions and other limitations. Coverage is provided on a comprehensive basis with a limit of

\$20,000,000.00 subject to the \$2,500.00 deductible feature and covers boilers and various equipment and machinery on a replacement cost basis.

**STUDENT ACCIDENT COVERAGE** - Coverage is provided by SISC under Memorandum of Coverage No. SLP 7106 07 for the period of 7-1-06 to 7-1-07, subject to the policy's exclusions, definitions, conditions and other limitations and provides benefits for student injury during:

- Regular classes
- Class trips
- Summer school and recreation
- School sponsored activities on or off the school premises
- School sponsored transportation

Student accident coverage is secondary to any other applicable health insurance available to the student.

Medical payment limit is \$2,500.00.

No deductible applicable.

Coverage is included for athletic injury, except tackle football.

The benefit period is 52 weeks and benefits are limited to usual and reasonable expenses unless specifically stated otherwise.

JBj:dw