Memorandum of Coverage

Auto Physical Damage Fund

This memorandum, and any endorsements thereto, outlines the terms and conditions under which the University of Alabama in Huntsville ("UAH" or "University") Auto Physical Damage Fund ("Fund") will be used to pay for losses to certain automobiles covered herein. This memorandum is not an insurance policy.

Certain provisions in this memorandum restrict coverage under the Fund or require that specific conditions be met. Certain capitalized phrases or terms have special meanings, and definitions of these are found in the Definitions section of this memorandum. The Fund is administered by the Office of Risk Management and Compliance (ORMC).

This memorandum shall be effective on October 1, 2025 and shall automatically renew on October 1 of each subsequent year, unless superseded by a more recent Memorandum of Coverage.

DEFINITIONS

Actual Cash Value ("ACV") – The cost to replace a damaged or stolen Covered Auto deemed to be a total loss with a comparable vehicle of like kind and quality, minus depreciation for age, mileage, and physical condition at the time of the loss. ACV does not include costs for improvements made to the vehicle or sentimental value. Determination of ACV shall be based on generally accepted insurance industry valuation methods and may consider factors such as resale value, comparable market listings, and appraisals.

Auto (or **Automobile**) – a land motor vehicle designed, registered, and licensed for travel on public roads, or any other land motor vehicle that is subject to a compulsory or financial responsibility law or motor vehicle law where it is principally garaged. "Auto" includes any street-legal Low-Speed Vehicles as defined herein. "Auto" does not include Mobile Equipment or any aircraft, watercraft, unlicensed/unregistered trailer or semi-trailer of any type, or mobile/modular homes.

Covered Auto – an Automobile that is owned, leased, hired, or rented by UAH in connection with university business and meets the coverage conditions stated herein. This does not include Autos leased, hired, or rented with a driver provided (e.g., chauffer service). It does not include Autos owned by employees, volunteers, or students even if they are used in connection with university business.

Covered Loss – direct and accidental physical loss of, or damage to, a Covered Auto resulting from a collision or from any other external cause, including but not limited to fire, theft, vandalism, windstorm, hail, flood, or other sudden and accidental events. Other than for windstorm, hail, or flood loss, a Covered Loss shall be considered on a per vehicle, per accident/incident basis. Wind, hail, and flood losses may be considered on a per-occurrence basis.

Low-Speed Vehicle ("LSV") – a street-legal utility vehicle as defined under Federal Motor Vehicle Safety Standard 500 and under 49 CFR 571.3. LSVs have a maximum speed of 25 mph and must be capable of traveling at least 20 mph. LSVs must meet the minimum equipment requirements of 49 CFR 571.500. Under state law, LSVs must be properly registered and titled in order to legally operate on public roadways. For the purposes of the operation of the Fund, any LSV that a UAH department/unit has opted to not properly register and title is still considered an LSV.

Mobile Equipment – means a land vehicle (whether self-propelled or not and including any machinery or apparatus attached thereto) that is:

1. Designed for use principally off public roads; or,
2. Not subject to motor vehicle registration; or,
3. Maintained for use exclusively on the UAH campus.

Examples of Mobile Equipment include, but are not limited to: golf carts and utility carts (other than LSVs as defined herein), all-terrain or similar off-road use vehicles, mowers, bulldozers, farm machinery, forklifts, vehicles that travel on crawler treads, power cranes, shovels, loaders, diggers, drills, pull-behind concrete mixers, graders, scrapers, rollers, air compressors, pumps, generators, mobile personnel lifts, and other construction or repair equipment (including spraying, welding, and cleaning equipment). Mobile Equipment does not include LSVs.

COVERAGE

Subject to the exclusions and conditions outlined herein, UAH will pay for direct and accidental loss or damage to a Covered Auto unless otherwise excluded or prohibited. Coverage does not include permanently or temporarily attached scientific, research, or other specialty equipment that is not an integral part of the vehicle itself.

EXCLUSIONS

UAH will not pay for losses caused by, resulting from, or related to any of the exclusions listed below. Except as otherwise provided below, such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

1. The actual or perceived loss, depreciation, or diminution in market or resale value;
2. Damage occurring while a Covered Auto is being used in violation of UAH policy or applicable law;
3. Wear and tear, freezing, mechanical breakdown, inherent vice, latent defects, or computer error unless caused or occasioned by other loss covered by this memorandum;
4. Blowouts, punctures, or other road damage to tires (i.e., no road-hazard coverage);
5. Towing or storage of the damaged Auto;
6. Fines, penalties, impound fees, or any other such fees;
7. Rental charges for the temporary replacement of a Covered Auto, or any other loss-of-use costs;
8. Personal vehicles used on University business, whether such use is approved or not;
9. War or warlike action, insurrection, rebellion, revolution, or usurped power or action;
10. Explosion of a nuclear weapon or any radioactive or biological contamination however caused;
11. Accidental discharge of airbags;
12. Electronic equipment that transmits audio, visual, radar, lidar, or other signals if such equipment did not come permanently installed from the manufacturer, except that visual and audio equipment (e.g., lights/sirens) installed on the exterior of police and service vehicles will be covered;
13. Failure to utilize appropriate institutional- and/or state-level vehicle rental contracts that include physical damage coverage (comprehensive/collision, aka comp/collision) as part of the contract agreement;
14. Business or personal property of any kind, whether located inside or on the exterior of a vehicle, including but not limited to personal effects, cargo, tools, machinery, and/or scientific and research equipment; or
15. **Any physical damage to an Auto rented by the University or by a University department/unit.**

CONDITIONS

The following Conditions must be met for coverage under this memorandum to apply:

Autos Eligible for Coverage

Unless specifically agreed upon prior to loss through the ORMC, coverage under this memorandum applies only to Autos of model years within ten (10) years of the most recent program effective year. (i.e., for the 10/1/2025 effective date, automatic coverage applies only to Autos of model years 2016 and newer. New/future model years manufactured in the current calendar year ("CY") will be covered as those are purchased or leased. (e.g., 2026 model years manufactured and purchased during CY 2025.)

High-value vehicles (those valued at greater than $75,000 replacement cost) older than ten years may be covered upon specific request by the assigned department/unit.

Deductible

A deductible of $2,500 will be applied to each Covered Loss. Applicable deductibles will be the responsibility of the department that controls, leases, or rents the Covered Auto.

Compliance with University Policies and Procedures, and with Applicable Traffic Laws and Regulations

UAH reserves the right to deny coverage for any losses that involve a failure to comply with university policies including, but not limited to, the Vehicle Safety Management Program Policy ("VSMP", policy number 06.08.02).

UAH reserves the right to deny coverage for any losses that involve the violation of applicable traffic laws and/or regulations, including but not limited to:

- Improperly secured loads;
- Negligent vehicle operation;
- Operating a motor vehicle under the influence of alcohol or a controlled substance;
- The operation of a University-owned or leased/rented commercial vehicle (as defined by the Federal Motor Carrier Safety Administration) by a driver not properly licensed and medically certified as required under applicable law;
- The operation of a Covered Auto by an unlicensed driver (including revoked or suspended license).

Coverage Territory

This memorandum of coverage shall apply only to Covered Autos operated in the United States and its territories and possessions.

Departments/units renting vehicles in international locations are responsible for the purchase of appropriate physical damage coverage through the rental company.

Rental Vehicle Insurance: Departments/units renting vehicles through the University's contract(s) with vehicle rental companies (e.g., Enterprise/National) are responsible for ensuring that, where/when available, rentals are done in a manner that properly references the contract number(s) so that any comp/collision coverage provided for under the contract is included. Procurement Services can provide guidance and information on utilizing existing vehicle rental contracts.

In the event that a department/unit does not properly reference the appropriate automobile contract number for contracts that include collision damage waiver (auto physical damage) coverage, or does not purchase the collision damage waiver for a rental where such coverage is not included in the contract terms, and a rental company subsequently denies coverage under the collision damage waiver clause of the contract, the Fund will not cover the loss.

University Repair Procedures

To the extent practical, all vehicle repairs must be coordinated through UAH ORMC to ensure compliance with university policies and standards. Repairs must be completed by authorized repair shops approved by UAH ORMC. Unauthorized repairs may not be paid under this program.

Valuation

The most UAH will pay for loss or damage in any one accident is the lesser of the vehicle acquisition cost, the ACV as determined by Kelly Blue Book, NADA, or other reasonable valuation source used at the discretion of the University, or the cost of repairing the damaged or stolen property with similar or like kind and quality. If repair or replacement results in better than like kind or quality, UAH will not pay for the betterment. As a tax-exempt organization, UAH will not pay any taxes associated with the repair or replacement of any Covered Auto.

Duties in the Event of Loss

In the event of a loss, the driver of the covered auto must follow the accident reporting procedures outlined in the VSMP, including providing prompt notice to ORMC. Documentation of the loss should include a description of the damage, the names and contact information of all involved including any witnesses, photographs of the scene and the vehicle damage, and a copy of the crash or incident report from the responding law enforcement agency. The VSMP and the Office of Risk Management and Compliance *Risk Management Guidebook* provide additional information on what to do after an accident and how to navigate the claim process.

Other Insurance

The coverage provided by this memorandum is excess over any other collectible insurance or sources of recovery.

Subrogation

If any person or organization to or for whom UAH makes payment under this memorandum of coverage has rights to recover damages from another, those rights are transferred to UAH.

No Benefit to Bailee

UAH shall in no way grant any coverage under the Fund directly or indirectly to the benefit of any carrier or other bailee.

Final Authority

In the event of any dispute, ambiguity, or disagreement regarding the interpretation or application of this memorandum of coverage, the final decision shall rest with the University’s Chief Financial Officer (“CFO”) and the Chief Administrative Officer (“CAO”). All determinations made by the CFO and CAO shall be considered final and binding. In the event that consensus between the CAO and CFO cannot be reached, the final authority shall be the University President or designee, whose decision shall be final and binding.

October 1, 2025 | Kevin L Bennett

Date

Kevin L. Bennett
Chief Risk & Compliance Officer