

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
(CARMA)**

**FOLLOW FORM EXCESS LIABILITY
MEMORANDUM OF COVERAGE**

FOR THE 2021-22 PROGRAM YEAR

EFFECTIVE JULY 1, 2021

CARMA 2021-FFXL

In consideration of the payment of premium and in reliance upon the statements in the **Declarations** of this Follow Form Excess Liability Memorandum of Coverage, CARMA agrees as follows:

I. COVERAGE

This Memorandum of Coverage shall provide the Covered Parties with Excess Liability pooled self-insurance coverage for Ultimate Net Loss in accordance with the terms, conditions, definitions and exclusions contained, on the Inception Date of this Memorandum of Coverage, in the **Controlling Underlying Policy**, further subject to any terms, conditions, definitions and exclusions of this Memorandum of Coverage, including any endorsements attached hereto, inconsistent with or supplementary to the **Controlling Underlying Policy**.

II. LIMITS OF LIABILITY

- A.** The limit of liability stated in **Item 3** of the **Declarations** of this Memorandum of Coverage is the most CARMA will pay for all Ultimate Net Loss arising out of any one Occurrence, Wrongful act or offense as stated in the **Controlling Underlying Policy**.
- B.** Defense costs covered by this Memorandum of Coverage shall reduce the limits of liability stated in **A.** above to the extent defense costs reduce the limits of liability of any **Underlying Coverage**.

III. RETENTION

- A.** The Limits of Liability stated in **Item 3** of the **Declarations** of this Memorandum of Coverage apply in excess of:
 - 1. The total limits of liability of the **Underlying Coverage** applicable on a per occurrence, per claim or per loss basis, but in no event less than the total per occurrence, per claim or per loss limits of liability of the **Underlying Coverage** stated in **Item 4** of the **Declarations** of this Memorandum of Coverage.
- B.** This Memorandum of Coverage will not drop down and shall apply only above the layers listed in Item 4 of the Declarations page regardless of reduction or exhaustion of limits of liability of the **Underlying Coverage**

caused by, resulting from, or arising out of any payment(s) of amounts on account of occurrences, claims or loss made by the **Underlying Coverage**.

The Limits of Liability and Retention apply separately on a per Occurrence basis to each Underlying Member, inclusive of its affiliated departments or agencies of these Member Agencies that are listed in the CARMA Endorsement #1 and amendments thereto.

IV. DEFINITIONS

The following Definitions apply to this Memorandum of Coverage:

- A. Controlling Underlying Policy** means the policy described in Endorsement No. 2 of this Memorandum of Coverage.
- B. Underlying Coverage** means each of the policies or memoranda that are scheduled in the Schedule of Underlying Coverage in Item 4 of the **Declarations** of this Memorandum of Coverage and any other applicable underlying coverage, including any self- insured retentions or retained limits.

V. CONDITIONS

A. CANCELLATION

The Named Covered Parties Insured stated in **Item 1** of the **Declarations** or CARMA shall have the right to cancel this Coverage in accordance with the cancellation provisions of the **Controlling Underlying Policy**.

B. APPEALS

If the Covered Party or the Covered Party's underlying layers of coverage do not appeal a judgment in excess of the total applicable limits of Underlying Coverage and the **Controlling Underlying Policy**, CARMA may elect to do so. If CARMA appeals, it will be liable for, in addition to the applicable Limits of Coverage, all court costs, expenses incurred and interest on that amount of any judgment which does not exceed the applicable Limits of Liability of this Memorandum of Coverage incidental to such an appeal.

C. CHANGES IN CONTROLLING UNDERLYING POLICY OR INTERVENING POLICY

If during the Policy Period of this Memorandum of Coverage, the terms,

conditions or exclusions of the **Controlling Underlying Policy** or an Intervening Policy are changed in any manner from those in effect on the Inception Date of this Memorandum of Coverage, the Covered Party shall give immediate written notice of the full particulars thereof to CARMA; such changes will be binding upon the CARMA absent objection by the CARMA within ten (10) calendar days.

D. MAINTENANCE OF UNDERLYING INSURANCE

While this Memorandum of Coverage is in effect, the Covered Party agrees to maintain the **Underlying Coverages** in full force and effect. The Covered Party's failure, or the failure of others, to comply with this **Condition D**, will not invalidate this Memorandum of Coverage, but in the event of such failure, CARMA will only be liable to the same extent as if there had been compliance. In the event of the bankruptcy, insolvency, inability or unwillingness of any Underlying Coverage to pay claims covered by such Underlying Coverage, CARMA will be liable only to the same extent that it would have been liable had the Underlying Coverage fully paid such claims.

E. NOTICE OF OCCURRENCE, OFFENSE, CLAIM OR SUIT

The Covered Party shall give written notice as soon as practicable to CARMA, at the address set forth in **Item 1** of the **Declarations** of this Memorandum of Coverage of any occurrence, offense, claim or suit likely to involve this Memorandum of Coverage. Notice to an Underlying Coverage shall not constitute notice to CARMA for this Follow Form Excess Liability Memorandum of Coverage.

F. OTHER INSURANCE

If other valid and collectible insurance is available to the Covered Party covering a loss also covered by this Memorandum of Coverage, other than coverage that is specifically written to apply in excess of this Memorandum of Coverage, the coverage afforded by this Memorandum of Coverage shall apply in excess of and shall not contribute with such other coverage.

VI. EXCLUSIONS

In addition to the exclusions in the **Controlling Underlying Policy**, the Exclusions applicable to this Memorandum of Coverage include those

set forth in the attached Schedule of Incorporated Reinsurer Exclusions. As to any listed risk or peril where more than one reinsurer's exclusion is set out, this Memorandum of Coverage is deemed to adopt the most restrictive of such exclusions applicable to that risk or peril. This Memorandum of Coverage incorporates by reference the reinsurers' exclusions stated in respect to the following risks or perils:

- Lead
- War
- Communicable Disease/Organic Pathogens
- Nuclear Energy Liability
- Access or Disclosure of Confidential or Personal Information;
Electronic Data
- Cyber Liability
- Terrorism
- Subsidence

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Declarations

Policy Number: CARMA 2021-FFXL

Item 1. Coverage Provider:

California Affiliated Risk Management Authorities

c/o Sedgwick

1750 Creekside Oaks Drive, Suite 200

Sacramento, CA 95833

**Covered Parties: The CARMA Members and Underlying Members listed
in Endorsement #1**

Item 2. Coverage Period: July 1, 2021 to July 1, 2022

12:01 a.m. Pacific Time

Item 3: Limits Of Liability

\$9,500,000 ultimate net loss each Occurrence, Wrongful act or offense for Bodily Injury, Property Damage, Personal Injury, Public Officials Errors and Omissions or any combination thereof

In excess of the Controlling Underlying Policy, CARMA 2021-GL and its Member Retained Limit.

Item 4. Limits Of Underlying Coverage

Member Retained Limit \$1M

CARMA 2021-GL - \$9M x \$1M MRL

Allied World National Assurance Company 0310-7719 - \$5M x \$10M

Item 5. NOTICES TO THE Coverage Provider:

At the address and numbers shown at the top of the Declarations Page.

THESE DECLARATIONS, TOGETHER WITH THE COMPLETED AND SIGNED APPLICATION, FOR THIS MEMORANDUM OF COVERAGE AND THE

FOLLOWED POLICY, INCLUDING INFORMATION FURNISHED IN CONNECTION THEREWITH WHETHER DIRECTLY OR THROUGH PUBLIC FILING, AND THE MEMORANDUM FORM ATTACHED HERETO, CONSTITUTE THE MEMORANDUM OF COVERAGE.



Authorized Representative

Date: July 1, 2021
MO/DAY/YR.

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ENDORSEMENT #1

It is understood that the Named Covered Party of the Declarations is completed as follows:

California Affiliated Risk Management Authorities
Bay Cities Joint Powers Insurance Authority
Central San Joaquin Valley Risk Management Authority
Monterey Bay Area Self Insurance Authority
Municipal Pooling Authority of Northern California
Vector Control Joint Powers Agency
and their members participating in their Liability Program

Effective Date: July 1, 2021

Endorsement No.: 1



AUTHORIZED REPRESENTATIVE

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

CONTROLLING UNDERLYING POLICY

ENDORSEMENT #2

2021-2022	Limit	Policy #
Allied World National Assurance Company	5m x 10m	0310-7719

Effective Date: July 1, 2021

Endorsement No.: 2



AUTHORIZED REPRESENTATIVE

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SCHEDULE OF INCORPORATED REINSURER EXCLUSIONS

CARMA FFXS MOC Exclusion	Upland Specialty	Continental Indemnity	Everest Reinsurance
Lead	Same as Continental	Any loss, liability cost, damage, expense, fine or penalty of any insured resulting from, arising out of or related to, directly or indirectly or in whole or in part: (1)The actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of lead at any time. (2)The actual, alleged, threatened or suspected inhalation of, or ingestion of, lead. (3)The actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, lead. (4)Any request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, lead; (5)Any claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, lead	N/A
War	Same as Continental	Any loss, liability cost, damage, expense, fine or penalty of any insured resulting from, arising out of or related to, directly or indirectly or in whole or in part: (1)War, including undeclared or civil war; or (2)Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or (3)Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these	All loss, cost or expense directly or indirectly arising out of, resulting as a consequence of or related to War. "War", as utilized herein, shall mean: War, including, undeclared or civil war; warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these
Communicable Disease / Organic Pathogens	Notwithstanding any provision to the contrary within this Coverage Part, this Coverage Part excludes all "ultimate net loss", actual or alleged loss, liability, damage, compensation, injury, sickness, disease, death, medical payment, defense cost, cost, expense or any other amount, directly or indirectly and regardless of any other cause contributing concurrently or in any sequence, originating from, caused by, arising out of, contributed to by, resulting from, or otherwise in connection with a "Communicable Disease" or the fear or threat (whether actual or perceived) of a "Communicable Disease", except as specified below. As used herein, a "Communicable Disease" means any disease which can be transmitted by means of any substance or agent from any organism to another organism where: 1.the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and 2.the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and 3.the disease, substance or agent can cause or threaten bodily injury, illness, emotional distress or damage to human health, human welfare or property damage	Any loss, liability cost, damage, expense, fine or penalty of any insured resulting from, arising out of or related to, directly or indirectly or in whole or in part: a. Any actual, alleged or threatened infectious, pathogenic, toxic or other harmful properties of any "organic pathogen." b. Claim, suit, request, demand, order or statutory or regulatory requirement for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of any "organic pathogen" However, this exclusion does not apply to bodily injury liability caused by any "organic pathogen" in or on any food or beverages sold, distributed, served or handled by the insured;	Any liability arising out of: a. any actual, alleged or threatened infectious, pathogenic, toxic or other harmful properties of any "organic pathogen." b. Claim, suit, request, demand and, order or statutory or regulatory requirement for damages because testing for, monitoring, detoxifying, or in any way responding to, or assessing the effects of any "organic pathogen"
Nuclear Energy Liability	Same as Continental	a. with respect to which any insured is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability-Property Insurance Association, Mutual Atomic Energy Liability Underwriters or the Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability. b. resulting from the hazardous properties of nuclear material and with respect to which (1) any person or any organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any amendment or revision thereto, or any similar law; (2) the Reinsured is, or had this policy not been available would be, entitled to indemnity from the United States of America or any agency thereof under any agreement entered into by the United States of America or an agency thereof with any person or organization; c. for bodily injury or property damage resulting from the hazardous properties of nuclear material if: i) the nuclear material (1) is at any nuclear facility owned by any insured or operated by any insured or on the insured's behalf or (2) has been discharged or dispensed therefrom; ii) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by the insured or on the insured's behalf; or iii) the bodily injury or property damage arises out of the furnishing by the insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion c. applies only to Property Damage to such nuclear facility and any property thereat. 2. As used in this exclusion: a. "hazardous properties" includes radioactive, toxic or explosive properties	N/A
Access or Disclosure of Confidential or Personal Information; Electronic Data	Insurance provided under this Coverage Part does not apply to "injury or damage" arising out of: Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate "electronic data." This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described above. "Electronic data" as used herein means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CDROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment	N/A	N/A

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SCHEDULE OF INCORPORATED REINSURER EXCLUSIONS

<p>Cyber</p>	<p>All "ultimate net loss", loss, damage, liability, cost or expense caused by or arising out of a "cyber act" or a "cyber incident".</p> <p>"Cyber Act" as used herein means an unauthorized, malicious or criminal act or series of related unauthorized, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any "computer system".</p> <p>"Cyber incident" as used herein means:</p> <p>a. Any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any "computer system"; or</p> <p>b. Any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any computer system.</p> <p>"Computer system" as used herein means any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the Insured or any other party</p>	<p>Any loss, liability cost, damage, expense, fine or penalty of any insured resulting from, arising out of or related to, directly or indirectly or in whole or in part: The unauthorized access, theft, alteration, corruption or disclosure of confidential, intellectual, proprietary or personal information and data, including, but not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of non-public information.</p> <p>This exclusion also excludes any liability for any loss, cost, damage, expense, fine or penalty, loss of use of, corruption of, inability to access, reduction in functionality, directly or indirectly caused by or contributed to or resulting from the following non-exhaustive list of events regardless of any other cause or other event contributing concurrently or in any other sequence to the loss, liability cost, damage, expense, fine or penalty:</p> <p>a) damage to or loss of data occurring on computer systems, or</p> <p>b) an unauthorized access of computer systems, or</p> <p>c) computer malware on computer systems, or</p> <p>d) human error affecting computer systems, or</p> <p>e) system failure occurring on computer systems, or</p> <p>f) a defect of computer systems, or</p> <p>g) social engineering, or</p> <p>h) cyber extortion</p> <p>This exclusion applies even if loss, damages or expenses are claimed for notification costs, credit monitoring and repair expenses, forensic expenses, public relation expenses or any other loss, damage or expense incurred arising out of any access to or disclosure of any person's or organization's confidential, intellectual, proprietary or personal information and data</p>	<p>Cyber Liability: Loss of, damage to, or loss of use of property of an Insured, bodily injury, personal injury or property damage, and any loss or claim directly or indirectly caused by or arising out of:</p> <p>a. Loss, theft, loss of use of, corruption, or inability to access or manipulate tangible or intangible "Electronic Data" or paper data, whether owned by an insured or others and including but not limited to any handheld or portable device with user-generated content.</p> <p>b. Loss, theft, breach, publication, unauthorized access, disclosure or use, collection or disposal of any person's or organization's tangible or intangible Electronic Data or paper data including but not limited to private, confidential or personal identifying information, medical, financial, employment, health and educational information which triggers any local, state or federal privacy regulations, as well as patents, trade secrets, processing methods or customer lists.</p> <p>c. Any claim for return or reimbursement of any sums or monetary value of any electronic fund transfers or transactions which is lost or diminished during the transfer.</p> <p>d. Any threat or series of threats to commit an intentional act against a computer network or system for purposes of demanding money or other tangible or intangible value from an insured</p>
<p>Terrorism</p>	<p align="center">Same as Continental</p>	<p>Any loss, liability cost, damage, expense, fine or penalty of any insured resulting from, arising out of or related to, directly or indirectly or in whole or in part: A "certified act of terrorism" or an "other act of terrorism". However, with respect to an "other act of terrorism", this exclusion applies only when one or more of the following are attributed to such act:</p> <p>1. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or</p> <p>2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:</p> <p>a. Physical injury that involves a substantial risk of death; or</p> <p>b. Protracted and obvious physical disfigurement; or</p> <p>c. Protracted loss of or impairment of the function of a bodily member or organ; or</p> <p>3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or</p> <p>4. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or</p> <p>5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.</p> <p>With respect to this exclusion, Paragraphs 1. and 2. describe the thresholds used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident</p>	<p>Any and all coverage, including, but not limited to, coverage for loss, damage, liability cost, or expense whether arising by contract, operation of law or otherwise, that, in any way, form, or manner, directly or indirectly arises out of, is in connection with, or is related to Terrorism</p>
<p>Subsidence</p>	<p align="center">N/A</p>	<p>Any loss, liability cost, damage, expense, fine or penalty of any insured resulting from, arising out of or related to, directly or indirectly or in whole or in part: Property damage caused by the gradual or sudden "subsidence" of the earth.</p> <p>As used in this endorsement, "subsidence" means:</p> <p>1. Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;</p> <p>2. Landslide, including any earth sinking, rising or shifting related to such event;</p> <p>3. Mine subsidence, meaning subsidence of a man-made mine whether or not mining activity has ceased;</p> <p>4. Earth sinking, rising or shifting, including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion or the action of water under the ground surface; or</p> <p>5. All man-made events which cause the sinking, rising or shifting of soil conditions as outlined in Paragraph 4. above.</p>	<p align="center">N/A</p>