

## Summary of Liability Coverage Document Changes Effective October 1, 2022

The Pool's Board of Trustees, acting on behalf of the Members, recently approved several changes to the *Liability Coverage Document* effective October 1, 2022. The following is a summary\* of those substantive changes and clarifications:

- **Defense Costs:** Extends coverage up to \$150,000 for damages and defense attorneys' fees sought by the Department of Housing and Urban Development under the federal Fair Housing Act, even though penalties, fines, and suits by a governmental agency are otherwise excluded from coverage.
- **Duty to Report Lawsuits:** Obligates Covered Parties to report to the Pool any demand, notice, summons, or other process received, even if the Covered Party is no longer employed by – or serves in an official capacity for – the Member.
- **Mitigation Requirement:** Clarifies that Members are responsible for mitigating damages after a loss under the Automobile Physical Damage Coverage.
- **Punitive Damages:** Clarifies the exclusion of punitive and exemplary damages by: (1) adding the term “consciously” to further define indifferent acts already included in the Exclusions Applicable to All Coverages; and (2) modifying the definition of covered damages to exclude punitive and exemplary damages.
- **False Claims Act Exclusion:** Clarifies that a claim made under the federal False Claims Act, which gives the government and private citizens a cause of action against those who have defrauded the federal government, is – in fact – a fraud claim that is excluded from coverage.
- **Texas Water Code Exclusion:** Clarifies that a suit brought under Chapter 11 of the Texas Water Code, which amounts to a claim for inversed condemnation or a taking, is excluded from coverage.
- **Supplemental Sewage Backup Coverage:** Moves this coverage from optional to a baseline coverage amount of \$5,000 per structure and \$10,000 per occurrence but allows a Member to decline the coverage.

*\*This information is intended to provide an overview. Please review the coverage document – which is available in the Member Portal – for actual wording and contact your Member Services Manager with questions.*

## Summary of Property Coverage Document Changes Effective October 1, 2022

The Pool's Board of Trustees, acting on behalf of the Members, recently approved several changes to the *Property Coverage Document* effective October 1, 2022. The following is a summary\* of those substantive changes and clarifications:

- **Scheduled Watercraft:** Many Members schedule watercraft for property damage under the Mobile Equipment coverage. The change allows for any scheduled watercraft to be covered under the Mobile Equipment Coverage without requiring an additional endorsement.
- **Golf Course Flooding:** Clarifies that, although some coverage is available by endorsement for certain damage to golf course greens, fairways, and hazards, flood damage to those areas is never covered.
- **Vacant Property:** Clarifies certain damage to vacant buildings, which includes buildings not regularly monitored, is excluded from coverage.
- **Historic Buildings:** Adds a definition for “historical structures” and limits how repair to or replacement of damaged historic structures is covered.
- **Code Upgrades:** Limits repairs attributed to legally required code upgrades to 30 percent of the structure’s loss value prior to consideration of the additional code requirements.
- **Notice of Reporting Period:** Adjusts the “notice of loss” reporting period to one year, which ensures prompt review and repair to reduce the potential for further damage to covered property.
- **Cyber and “Bricked Equipment”:** Clarifies that covered property rendered inoperable by damage to or destruction of electronic data is governed by the Property Coverage Document.

*\*This information is intended to provide an overview. Please review the coverage document – which is available in the Member Portal – for actual wording and contact your Member Services Manager with questions.*