



July 18, 2025

Holly Fox
Brazoria County Director of Human Resources
237 E. Locust, Suite 203
Angleton, TX 77515

Re: Brazoria County – Liability Renewal

Thank you for choosing the Texas Association of Counties Risk Management Pool (TAC RMP) for your liability coverage needs for 2025. TAC RMP is proud to provide its members the most comprehensive coverages and risk solutions available.

The TAC RMP Board of Directors approved coverage changes effective October 1, 2024. These were detailed in the recent Chapter 119 packet sent out at the end of July with the changes made. Below are some of the revisions mentioned in the detailed summaries for Auto Liability, Auto Physical Damage, General Liability, Public Officials, and Privacy or Security Event Liability and Expense coverage.

Most of the revisions are related to:

- Reorganized coverage documents to be consistent with (where appropriate) with other coverage documents.
- Updated general conditions and other language where appropriate.
- Added language from standard market and definitions where appropriate.
- Limited provisions to the section of the coverage document that they apply to, i.e. keeping duty to defend, limits, and exclusions separate where possible.
- Shortened extended paragraphs covering multiple topics.
- Removed duplicative language.
- Streamlined and clarified where language was an exclusion to the Coverage Document and where it was an exception to an exclusion.
- Ensured coverage does not overlap with other lines of coverage.

Here are some of the coverage updates the Pool would like to highlight:

Auto Liability and Auto Physical Damage

A racing exclusion has been added, which is standard commercial market practice.

General Liability

A racing exclusion has been added to follow the exclusion added to Auto coverage. Additionally, added language to exclude actions of physicians or any other healthcare professionals other than jail nurses or emergency medical technicians who are employees of the Name Member. Under Garage Keeper's Liability section, an exclusion for weather-related damage to seized vehicles has been added.

Privacy or Security Event Liability and Expense (Cyber coverage)

Please note that effective 10/1/2024, for renewals renewing on or after 10/1/2024 the Privacy or Security Event Liability and Expense coverage commonly known as Cyber coverage moved to a stand-alone coverage. This coverage is no longer being offered under the Public Official's Liability coverage. The base limit for Cyber is \$500,000. It is important to note there is a cost with the new stand-alone cyber coverage.

With your continued support, TAC RMP can offer competitive and stable rates and maximize coverage options for all program members. The Pool renewed over 335 liability renewals and maintains a 99% renewal retention rate. Your participation in the TAC RMP is what makes our Pool successful.

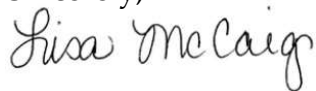
As we look forward to another successful year, here are a few things coming in 2025:

- County Management and Risk Conference (April 2025) - Kalahari Resorts, Round Rock, TX
- Member hosted Regional Workshops (July - August 2025)
- Access to online training courses (currently in development)

Your renewal coverage is based on information we obtained from the renewal questionnaire. Please review your renewal and all attached schedules for accuracy.

If you have any questions, please do not hesitate to contact me for an onsite review. If you have any questions or updates related to your coverage, please contact your Member Services Representative for assistance.

Sincerely,



Lisa McCaig
Risk Management Consultant II



TEXAS ASSOCIATION *of* COUNTIES

RISK MANAGEMENT POOL

CONTRIBUTION BREAKDOWN SUMMARY

THIS IS NOT AN INVOICE

Invoice will be sent 30 days prior to due date to Billing Coordinator

Brazoria County
Attn: Holly Fox
237 E. Locust, Suite 203
Angleton, TX 77515

Due Date: October 1, 2025
Coverage #: CAS-0200-20251001-1
Coverage Period: October 1, 2025 - October 1, 2026
Member Number: 0200

Contribution for the coverage is below.

Coverage	Contribution
Law Enforcement Liability	\$202,062
Public Officials Liability	\$87,376
Total Contribution:	\$289,438



TEXAS ASSOCIATION of COUNTIES RISK MANAGEMENT POOL

Liability Contribution & Coverage Declarations

Member: Brazoria County

Coverage Period: October 1, 2025 through October 1, 2026

This Contribution & Coverage Declarations (CCD) is part of the Coverage Documents between the Texas Association of Counties Risk Management Pool (Pool) and the Named Member shown above, subject to the terms, conditions, definitions, exclusions, and sub-limits contained in the Coverage Documents, any endorsements, and the Interlocal Participation Agreement (IPA).

LAW ENFORCEMENT LIABILITY	Retroactive Date	Limits of Liability	Deductible Per Claim	Contribution
Law Enforcement Liability	10/01/2020	\$2,000,000 Per Claim \$2,000,000 Aggregate	\$50,000	\$198,100
Optional Coverage				
District Attorney	11/18/2020	Per Endorsement		\$3,962
Covered Law Enforcement Departments or Agency				
Brazoria County Constable's Offices Brazoria County Employees Of The District Attorney's Office Brazoria County Juvenile Probation Department Brazoria County Sheriff's Office Brazoria County Fire Marshal				
LAW ENFORCEMENT LIABILITY CONTRIBUTION				\$202,062

PUBLIC OFFICIALS LIABILITY	Retroactive Date	Limits of Liability	Deductible Per Claim	Contribution
Public Officials Liability	11/18/2020	\$2,000,000 Per Claim \$2,000,000 Aggregate	\$100,000	\$81,130
Optional Coverage				
District Judge	11/18/2020	Per Endorsement		\$1,623
District Attorney	11/18/2020	Per Endorsement		\$1,623
Split Coverage Retroactive Coverage Dates				
Public Officials Liability	11/11/2013	\$1,000,000 Per Claim \$1,000,000 Aggregate		
Coverage with Separate Deductibles				
County Clerk	11/11/2013		\$10,000	\$1,500
District Clerk	11/11/2023		\$10,000	\$1,500
PUBLIC OFFICIALS LIABILITY CONTRIBUTION				\$87,376

TOTAL CONTRIBUTIONS

\$289,438

NOTICE OF ACCIDENT/CLAIM

Notice of an accident or claim (including service of process, if any) is to be delivered immediately to the Pool via the Texas Association of Counties Claims Department at:

Texas Association of Counties
Attention: CLAIMS
P. O. Box 2131
Austin, Texas 78768
Fax Number: 512-615-8942
Email: claims-cs@county.org

Any notice of claim and/or related documents should be mailed to the above immediately or by fax or email.

CONDITIONS

Coverage: This CCD is to outline limits, deductibles, and contributions only. All coverage is subject to the terms, conditions, definitions, exclusions, and sub-limits described in the Coverage Documents, any endorsements, and the IPA.

Claims Reporting: The Named Member shall submit claims to the Pool as set forth in each applicable Coverage Document or as otherwise required by the Pool or state law.

Failure to Maintain Coverage: The Named Member's failure to maintain at least one coverage through the Pool will result in the automatic and immediate termination of the IPA.

Named Member Compliance: By executing the IPA, the Named Member agrees to comply with and abide by the Pool's Bylaws, applicable Coverage Documents, and the Pool's policies, as now in effect and as amended.

Payment of Annual Contribution: The Named Member shall pay contributions as outlined on invoices and as per the terms of the IPA.

Pool's Right to Audit: The Pool has the right, but no obligation, to audit and inspect the Named Member's operations and property at any time upon reasonable notice and during regular business hours, as the Pool deems necessary to protect the interest of the Pool.

Property Appraisal: Property coverage is blanket and based on Replacement Cost. The Pool will provide a formal physical appraisal of the Member's property on a periodic basis and the Member agrees to accept the values provided by the Pool's appraisal firm. Member agrees to report all buildings and contents prior to renewal.

Pool Coordinator: The Named Member shall appoint a Pool Coordinator. The name of the Pool Coordinator and the address for which notices may be given by the Pool shall be set forth in the space provided at the end of the IPA. The Pool Coordinator shall promptly provide the Pool with any required information.

The Named Member may change its Pool Coordinator and the address for notice by giving written notice to Pool of the change before the effective date of the change.


Any failure or omission of the Named Member's Pool Coordinator shall be deemed a failure or omission of the Named Member. The Pool is not required to contact any other individual regarding the Named Member's business except the named Pool Coordinator unless notice or contact to another individual is required by applicable law. Any notice given by Pool or its contractor to the Pool Coordinator or such individual as is designated by law for a particular notice, shall be deemed notice to the Named Member.

Split Retroactive Coverage Dates: Means the period of time between the Split Retroactive Coverage Dates shown on the CCD and the Retroactive Date shown on the CCD.

Submission of Information: The Named Member shall timely submit to the Pool documentation necessary for the Pool to use to determine the risk to be covered for the next renewal period and to properly underwrite the risk exposure. The Pool will provide forms identifying the information requested.

Termination and Renewal: The coverage outlined in this CCD may be terminated or not renewed by either party as outlined in the IPA or applicable Coverage Document.

Termination for Failure to Pay: Notwithstanding any other provision in the IPA, if any payment or contribution for coverage owed by the Named Member to the Pool is not paid as required by the IPA, the Pool may cancel coverage or terminate coverage and the IPA, as the Pool deems appropriate, in accordance with the Pool's Bylaws and the applicable Coverage Document. The Named Member shall remain obligated for such unpaid contribution or charge for the period preceding termination.

This declaration is issued by  as authorized representative of the Pool on 07/18/2025 in Austin, Texas.

LAW ENFORCEMENT LIABILITY
DISTRICT ATTORNEY ENDORSEMENT

Coverage Agreement - Subject to the limits shown in the Coverage Document, coverage is extended to cover a district attorney, as described in this endorsement.

SECTION II - DEFINITIONS, Section N, Member, is amended to add:

The District Attorney, against liability arising from the performance of his or her official duties or duties of employment.

SECTION IV.B - EXCLUSIONS is amended to add:

9. Any Claim against a Member for removal based on official misconduct.

SECTION V - CONDITIONS is amended to add:

X. REPRESENTATION BY STATE OF TEXAS

The Pool has no duty to:

1. defend a Member in which the State of Texas determines that it will defend Member, but the Pool will defend a Member if Member requests a defense from the State of Texas and it declines to provide a defense; or
2. pay or indemnify a Claim in which the State of Texas has the responsibility to pay or indemnify, or determines to settle on behalf of Member.

Nothing in this Coverage Document acts as a waiver of governmental, absolute or official immunity, which can only be waived by an act of the Texas Legislature.

PUBLIC OFFICIALS LIABILITY

DISTRICT JUDGE ENDORSEMENT

Coverage Agreement - Subject to the limits shown in the Coverage Document, coverage is extended to cover a district judge, as described in this endorsement.

SECTION II - DEFINITIONS, Section L, Member, is amended to add:

A district judge whose designated jurisdiction includes the Named Member County is a Member, but only when acting in a judicial capacity concerning a case filed in the jurisdiction of the Named Member, or when acting concerning administrative matters of either the Named Member or a Juvenile Board that serves the Named Member.

SECTION V - CONDITIONS is amended to add:

X. REPRESENTATION BY STATE OF TEXAS

The Pool has no duty to:

1. Defend a Member for a Claim in which the State of Texas determines that it will defend Member, but the Pool will defend a Member if Member requests a defense from the State and the State declines to provide a defense; or
2. Pay or indemnify for a Claim in which the State of Texas has the responsibility to pay or indemnify, or determines to settle on behalf of the Member.

Nothing in this Coverage Document acts as a waiver of governmental, absolute or official immunity, which can only be waived by an act of the Texas Legislature.

PUBLIC OFFICIALS LIABILITY

DISTRICT ATTORNEY ENDORSEMENT

Coverage Agreement - Subject to the Limits of Liability shown in the Coverage Document, coverage is extended to cover a district attorney, as described in this endorsement.

SECTION II - DEFINITIONS, Section L, Member, is amended to add:

A district attorney whose designated jurisdiction includes the Named Member County is a Member, but only when acting in an official capacity concerning a case filed in the jurisdiction of the Named Member, or when acting concerning administrative matters of the Named Member.

SECTION III - LIMITS OF LIABILITY, Section D.3, Prosecutor, is amended to read as follows:

3. Prosecutor. The Limits of Liability are inclusive of Claims Expenses for a Claim against the county attorney, district attorney, or other employees of the county attorney or other employees of the district attorney for malicious prosecution subject to a sublimit not to exceed \$500,000 per Claim and \$1,000,000 in the Aggregate.

SECTION IV.B - EXCLUSIONS is amended to add:

9. Any Claim against a Member for removal based on official misconduct.

SECTION V - CONDITIONS is amended to add:

X. REPRESENTATION BY STATE OF TEXAS

The Pool has no duty to:

1. Defend a Member for a Claim in which the State of Texas determines that it will defend Member, but the Pool will defend a Member if Member requests a defense from the State and the State declines to provide a defense; or
2. Pay or indemnify for a Claim in which the State of Texas has the responsibility to pay or indemnify or determines to settle on behalf of the Member.

Nothing in this Coverage Document acts as a waiver of governmental, absolute or official immunity, which can only be waived by an act of the Texas Legislature.



TEXAS ASSOCIATION *of* COUNTIES

RISK MANAGEMENT POOL

LAW ENFORCEMENT LIABILITY COVERAGE DOCUMENT

LAW ENFORCEMENT LIABILITY COVERAGE

**THIS IS A CLAIMS MADE COVERAGE DOCUMENT.
PLEASE READ THE ENTIRE COVERAGE DOCUMENT CAREFULLY.**

The Texas Association of Counties Risk Management Pool (Pool) was and is created to enable each Member to purchase coverage against liability Claims. The Pool is not an insurance company. This is not a contract of insurance but is an agreement for liability coverage pursuant to the provisions of Chapter 119 of the Texas Local Government Code, and under Chapters 791 and 2259 of the Texas Government Code. Under this agreement, political subdivisions create and contribute to a Pool as an alternative to commercial insurance markets. No part of this Coverage Document is subject to the Texas Insurance Code.

Except as may otherwise be provided, the coverage provided by this Coverage Document is limited to only those Claims THAT ARE FIRST MADE AGAINST THE MEMBER DURING THE COVERAGE DOCUMENT PERIOD AND TIMELY REPORTED TO THE POOL.

The Contribution and Coverage Declarations (CCD) issued to the Named Member by the Pool is part of this Coverage Document, subject to the terms, conditions, definitions, exclusions, and sublimits contained in this Coverage Document, any endorsements, and the Interlocal Participation Agreement (IPA).

Words and phrases that are capitalized have special meaning. Refer to SECTION II- DEFINITIONS

SECTION I - CLAIMS MADE COVERAGE AGREEMENT: PAYMENT AND DEFENSE

In consideration of the Member's contribution to the Pool and in reliance upon the representations made by Member in the application and any renewal application for this coverage, and subject to all provisions contained in this Coverage Document, including any endorsements, the Pool agrees as follows:

A. WHAT WE WILL PAY

The Pool will pay on behalf of the Member, subject to all provisions contained in this Coverage Document, including Section I.B., below, any sums which the Member shall become legally obligated to pay as Damages or Claims Expenses by reason of errors, omissions or negligent acts stated in a Claim, which arise out of the conduct of Law Enforcement Activities of Member and result in:

Personal Injury;
Bodily Injury;
Property Damage; or
Violation of Civil Rights

PROVIDED ALWAYS that the following are true:

1. Notice of Claim occurs during the Coverage Document Period;

2. Notice is provided by the Member to the Pool during the Coverage Document Period (or during the Optional Extended Reporting Period, if applicable);
3. The error, omission or negligent act for which Claim is first made happened during the Coverage Document Period or on or after the retroactive date in the CCD; provided, however that if the error, omission or negligent act happened before the Coverage Document Period, the Named Member did not give notice to any prior insurer or coverage provider; and
4. The Member had no knowledge or reason to believe at the inception of the Coverage Document Period or any extensions or renewals that any error, omission or negligent act was likely to result in a Claim being made against any Member.

B. DEFENSE, SETTLEMENT AND ALLOCATION OF DAMAGES

1. Subject to all of the provisions contained in this Coverage Document, the Pool has the right and duty to defend any Claim arising out of the categories of conduct enumerated above brought against the Member, alleging an error, omission or negligent act and seeking Damages potentially covered by this Coverage Document, except that the Pool's duty to defend shall terminate:
 - a. If it is conclusively established that the Claim is not covered by this Coverage Document. This exception applies even if the fact conclusively established overlaps with the merits or contradicts the factual allegations of the Claim;
 - b. If the Member committed, or is identified as the perpetrator of, fraudulent, dishonest, reckless, malicious or criminal acts or omissions;
 - c. If we have paid the full amount of the Limits of Liability or sublimits applicable to the Claim or on Aggregate; or
 - d. If the Member breaches any duty or condition under this Coverage Document.
2. The Pool will provide, subject to the other provisions of the Coverage Document, a defense to a fraud, dishonesty, reckless, malicious or criminal act or omission Claim against a Member that is excluded under Section IV.A.2; provided, however that the Pool's obligation is limited to the defense of the Named Member or any Member who did not commit, or is not identified as the perpetrator of, the fraudulent, dishonest, reckless, malicious or criminal act or omission.
3. If a suit alleges causes of action, some of which are potentially covered by this Coverage Document and others of which are not covered, the Pool has the right, but not the duty, to defend a Member against those causes of action which are not covered. If the Pool elects not to defend the Member against the non-covered causes of action, the Pool will notify the Member of its decision.
4. The Pool shall have the right to control the defense of any Claim, including the right to select defense counsel for any Member. The Member may retain additional counsel at its own expense, but the Pool retains the exclusive right to control the defense.
5. The Pool shall have the right, but not the duty, to appeal any judgment adverse to the Member.
6. The Pool shall have the right to incur Claims Expenses and to make an investigation of any Claim or suit as may be deemed expedient by the Pool.

7. The Pool has no duty to defend a Member before a Claim is presented.
 - a. Upon written request to the Pool by the Named Member for pre-Claim involvement of the Pool prior to the formal existence of a Claim, the Pool has the right, but not the duty, to designate attorneys, investigators, or other persons to perform work and incur expenses on behalf of the Named Member where the Pool anticipates a Claim.
 - b. If, in the sole discretion of the Pool, employing the services of attorneys, investigators, or other persons to perform work and incur expenses on behalf of any Member or the Pool is deemed appropriate to protect Pool interests prior to the formal existence of a Claim, the Pool has the right, but not the duty, to employ persons as a Pool operational expense.
 - c. Pre-Claim involvement of the Pool under 7.a or 7.b shall not constitute a waiver of any rights the Pool may have pursuant to any of the provisions of this Coverage Document. The Pool may withdraw at any time from pre-Claim involvement under 7.a or 7.b.
8. The Pool shall have the right, but not the duty, to monitor and participate in the defense of any investigatory, administrative or disciplinary proceeding relating to any Law Enforcement Activity of the Member. Should the Pool elect to defend, monitor or participate under this provision, this election shall not constitute a waiver of any rights the Pool may have pursuant to any of the provisions of this Coverage Document.
9. The Pool shall have the right to settle any Claim or suit as may be deemed expedient by the Pool and the Pool may settle any Claim at its sole discretion and without the consent of the Member. The determination by the Pool as to any settlement and as to the reasonableness of settlements and Claims Expenses shall be conclusive on the Member.
10. The Pool shall have no obligation to pay sums the Member shall become legally liable to pay as Claims or Damages that are not covered by this Coverage Document (including amounts in excess of any applicable sublimits) or to contribute to a settlement of any such Claims or Damages. In negotiating any settlement or Claim payment, the Pool shall have the right to request the Member make an appropriate contribution for uncovered Claims or Damages. If both Damages covered by this Coverage Document and Damages not covered by this Coverage Document are incurred or are to be incurred because a Claim made against the Member or Damages sought from the Member include both covered and uncovered matters, the Pool and the Member will use their best efforts to determine a fair and appropriate allocation of Damages between that portion of Damages that is covered under this Coverage Document and that portion of Damages that is not covered under this Coverage Document. The Pool and the Member will take into account the relative legal and financial exposures of, and relative benefits obtained in connection with the defense or settlement of, the Claim. In the event the Pool and the Member cannot reach an agreement as to an allocation of Damages, then the parties will each contribute the amount proposed by the Pool until a final amount is agreed upon or determined pursuant to the provisions of this Coverage Document and applicable law.
11. If the Pool determines that the Limits of Liability under this Coverage Document may be insufficient to pay or settle any covered Claim or Claims, or if there are multiple or competing Claims against one or more Members, the Pool may, in its sole discretion, tender the remaining Limits of Liability available under this Coverage Document, either to the treasury of the Named

Member, a person authorized to receive funds for the Named Member, or the registry of a court of competent jurisdiction and exhaust the Limits of Liability under this Coverage Document. Any tender under this provision shall be applied toward, and may result in the exhaustion of, the Aggregate under the CCD.

SECTION II – DEFINITIONS

- A. **Aircraft** means any machine capable of flight, including an airplane, helicopter, glider, balloon or aerial vehicle that is not controlled by a person from within or on the aerial vehicle.
- B. **Aggregate** means the Pool's total liability for Damages resulting from all Claims first made against the Members during the Coverage Document Period and shall not exceed the amount stated in the CCD as Aggregate regardless of the time when the Claim is paid. If the Member exercises the right to purchase the Optional Extension Coverage, the Aggregate limit for the Optional Extended Reporting Period shall be no more than that which remains of the Aggregate limit from the immediately preceding Coverage Document Period.
- C. **Bodily Injury** means physical injury to any person (including death) and mental anguish associated with or arising from a physical injury.
- D. **Civil Rights** means a person's rights under the United States constitution or any state constitution, or laws affording a right of action for Damages by reason of invasion of a Civil Right or liberty.
- E. **Claim** means a demand received by the Member specifically for money Damages, including punitive or exemplary Damages, against the Member.

Claims based on or arising out of the same error, omission, or negligent act or interrelated errors, omissions or negligent acts, involving one or more of the Members, shall be considered a single Claim, and a Claim so considered shall be deemed to have been made solely during the one Coverage Document Period which includes the time the Claim is initially made.

- F. **Claims Expenses** means:
 - 1. Fees incurred by the Pool for an attorney designated by the Pool;
 - 2. All other fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a Claim, if incurred by the Pool, except for those fees, costs, and expenses of the employees of the Texas Association of Counties, or expenses of a Claims adjustment contractor for the Pool;
 - 3. Fees charged by any attorney designated by the Member with the written consent of the Pool, but only as to those fees incurred after receipt by the Member of written consent from the Pool; and
 - 4. Expenses incurred where the Pool, in accordance with Section I.B.7.a. of this Coverage Document, responds to a written request by Named Member for pre-Claim involvement of the Pool prior to the formal existence of a Claim to perform work and incur expenses on behalf of the Named Member.

- G. **Contribution and Coverage Declarations (CCD)** means the document that sets forth the specific indication of the coverage, limits and deductibles, contributions and special provisions elected by each Member, including any modifications made by issuance of any amendatory CCD or endorsement.
- H. **Coverage Document** means this agreement between the Pool and Member, including any endorsements.
- I. **Coverage Document Period** means that one-year period designated in the CCD, unless otherwise specified, or the period as shortened by termination, if any.

If the Optional Extended Reporting Period coverage is purchased by the Member, it shall in no way increase the Coverage Document Period or any renewal, except that any Optional Extended Reporting Period shall be included in the previous Coverage Document Period for purposes of application of the Aggregate limit of the Pool's liability.

- J. **Damages** means actual and compensatory money damages, Nominal Damages, and punitive damages, arising out of an error, omission or negligent act of the Member, and does not include:
1. penalties, fines, sanctions, unpaid or withheld wages, overtime, back benefits, taxes, monies or fees collected or received by the Member, or any similar types of damages, or restitution of any kind or any damages just enumerated, even if designated as compensatory or liquidated damages under any federal or state law;
 2. any damages resulting from harm to or interference with property of any Member or any employee, agent or volunteer of the Member arising out of activity with or employment by the Member, including loss of use of property;
 3. any damages resulting from property seized, held, auctioned or sold by the Member, including any forfeited money or other property or its value, or resulting from violation of or interference with property rights;
 4. any amount which may become due and payable under the terms of any contractual obligation whether imposed by law or by agreement of the Member; or
 5. attorney's fees and any costs, charges, fees or expenses of litigation if any are demanded from the Member without an accompanying demand for other relief which would constitute Damages, or that portion of any attorney's fees and any costs, charges, fees or expenses of litigation demanded from the Member which may be attributed or allocated to a Claim or any part of a Claim excluded under this Coverage Document (including any part of a Claim that exceeds a sublimit imposed under this Coverage Document), to any demand for relief other than for actual or compensatory Damages, or to any demand or matter not covered under this Coverage Document; or
 6. any consequential damages for losses not flowing directly and immediately from an error, omission or negligent act of the Member but that result indirectly from such error, omission or negligent act.

- K. **Effective Date** means the date the Coverage Document becomes effective in a Coverage Document Period. The Effective Date of any renewal of this Coverage Document shall be considered the Effective Date of a new Coverage Document Period.
- L. **Law Enforcement Activity** means all activities performed within the scope of the official duties of the law enforcement officers, public employees, public officials, and volunteers of each law enforcement department or agency set forth in the CCD.
- M. **Limits of Liability** means the Limits of Liability of the Pool for payment of Damages shall be the applicable limit shown in the CCD under Limits of Liability. Limits of Liability include per Claim limits, any applicable sublimits, and Aggregate limits.
- N. **Member** means only the following:
1. The Named Member;
 2. Each law enforcement department or agency named in the CCD and which is duly constituted and operating under the jurisdiction of the Named Member;
 3. The individual law enforcement officers or other employees or volunteers of each law enforcement department or agency set forth in the CCD as are regularly employed and officially engaged in Law Enforcement Activities for the law enforcement department or agency.
 4. Other public officials, employees and volunteers of Named Member, excluding the District Attorney or the District Judge, but only with respect to a Claim or Claims arising out of errors, omissions or negligent acts of:
 - a. The law enforcement departments or agencies named in the CCD and only with respect to the activities of these persons while in furtherance of the Law Enforcement Activities of the Named Member; or
 - b. Public officials of the Named Member in the making of the decisions concerning the budgeting or other provision of county funds for the conduct of activities of law enforcement departments or agencies named in the CCD.
 5. The Juvenile Board, but only if the Juvenile Board serves only the Named Member's county. If the Juvenile Board serves more than one county, the Juvenile Board is a Member only if each county represented on the Juvenile Board is a Member of the Pool. The individuals serving on the Juvenile Board are Members only if they are officials or employees or volunteers of the Named Member.
- O. **Named Member** means a county or other political subdivision so designated in the CCD.
- P. **Nominal Damages** means compensatory damages in an amount of \$100 or less, or those damages which are awarded not to compensate for an actual loss or injury but only to recognize a violation of rights.

Q. **Notice of Claim** means one of the following, whichever occurs first:

1. For a lawsuit against a Member, notice of the suit by service of process or otherwise; or
2. A Member obtains or receives knowledge or has reason to believe that any error, omission or negligent act may reasonably be expected to result in a Claim.

R. **Optional Extension Coverage** means the optional coverage that may be purchased if the Pool, or the Named Member, cancels or refuses to renew this Coverage Document, subject to the conditions as set forth in Section VI of this Coverage Document.

S. **Optional Extended Reporting Period** means the period for which the Named Member elects to purchase Optional Extension Coverage.

T. **Personal Injury** means:

1. False arrest, false imprisonment, wrongful detention, wrongful eviction, wrongful entry or other invasion of the right of private occupancy, or malicious prosecution;
2. Wrongful or improper service of process; and
3. Libel, slander, defamation of character, or violation of an individual's right of privacy.

U. **Pool** means the Texas Association of Counties Risk Management Pool.

V. **Property Damage** means:

1. Physical damage to tangible property of others, including all resulting loss of use of that property. All such loss of use will be deemed to occur at the time of the physical damage that caused it; or
2. Loss of use of tangible property of others that is not physically damaged. All such loss of use will be deemed to occur at the time of the error, omission or negligent act that caused it;

For the purposes of this Coverage Document, data, including information, facts or programs in any electronic or other format, is not tangible property.

W. **Volunteer Worker** means a person, other than a prisoner, who (1) is not acting within the scope of his or her employment as an employee or temporary worker; (2) donates his or her work; and (3) is not paid a fee salary or other compensation for that work.

SECTION III – LIMITS OF LIABILITY

The following Limits of Liability apply unless otherwise stated on the CCD.

A. LIMITS OF LIABILITY

1. Regardless of the number of:
 - a. Members involved in a Claim,
 - b. Persons or entities who sustain Damages, or
 - c. Claims made,

exhaustion of any of the applicable Limits of Liability shown in the CCD shall terminate the Pool's liability to pay any Damages or Claims Expenses. The Pool shall never be required to pay Damages in excess of any applicable Limits of Liability shown in the CCD in connection with any Claim or Claims.

2. Claims based on, or arising out of, the same or related acts, errors, omissions, or events involving one or more Members shall be considered a single Claim and only one deductible and one Limits of Liability shall be applicable to the Claim.
3. If the Member has, or is a beneficiary of, other Coverage Documents through the Pool, the Pool shall not be required to pay an amount in excess of the appropriate Limits of Liability shown in the CCD in connection with any Claim. The Pool and the Named Member agree that Pool coverage does not combine with respect to payment of Damages or Claims Expenses.
4. The Pool's total liability for Damages for all Claims during any one Coverage Document Period shall never exceed the Aggregate stated in the Limits of Liability of the CCD. Exhaustion of the amount designated as Aggregate in the CCD terminates: (a) the Pool's duties to defend any Member in connection with any Claims made or then pending against the Member; and (b) the Pool's liability to pay any amounts for Claims Expenses or Damages for any Claims. Tender by the Pool, under Section 1.B.11, of an amount that would exhaust the Aggregate Limits of Liability under the CCD shall constitute an exhaustion of the Aggregate limits.
5. Tender by the Pool, under Section 1.B.11, of an amount that would exhaust the per Claim Limits of Liability for any Claim to the treasury of the Named Member, a person authorized to receive funds for the Named Member, or the registry of a court of competent jurisdiction, shall terminate the Pool's liability to pay any amounts for Damages or Claims Expenses with regard to the Claim.
6. Claims Expenses shall not be deducted from the Limits of Liability.

B. SUPPLEMENTARY PAYMENTS

The Pool will pay, in addition to the applicable Claims Expenses and the Limits of Liability, as shown in CCD:

1. Expenses incurred by the Texas Association of Counties employees, or Claims adjustment contractors in the monitoring and supervision of Claims;
2. Interest, but only on that portion of any judgment which does not exceed the Pool's Limits of Liability, which accrues after entry of the judgment and before the Pool has paid or tendered or deposited into the court registry that portion of the judgment which is the Pool's liability;
3. Up to \$250 per bond premium on appeal bonds in any suit defended by the Pool and up to \$250 premium on bonds to release attachments in any suit, for an amount not in excess of the Limits of Liability. However, in accordance with its discretionary right to appeal, the Pool shall have the right, but not the obligation, to apply for or furnish any appeal bond.

C. DEDUCTIBLE

The Pool will pay only those Damages and Claims Expenses with regard to a Claim which are in excess of the deductible amount stated in the CCD. The deductible amount stated in the CCD shall be borne by Named Member and shall not be borne by the Pool. The Named Member is wholly responsible for paying the entire deductible shown in the CCD. A Member, other than the Named Member, has no personal responsibility for paying any portion of the deductible, and is fully covered for the amount of any liability not in excess of \$100,000, as referenced in Texas Civil Practices and Remedies Code Section 108.002.

At the option and discretion of the Pool, the Pool may pay all or part of the deductible amount to effect settlement, and, upon notification to the Named Member, the Named Member shall promptly reimburse the Pool for all expenditures. If the Pool pays any Claims Expenses which fall within the Deductible amount stated in the CCD, the Named Member, upon notification, shall promptly reimburse the Pool for all expenditures.

The deductible amount stated in the CCD shall be applicable to each Claim and request for pre-Claim assistance under Section I.B.7.a involving each Member and shall include payments for Damages and Claims Expenses.

D. SUBLIMITS

1. Declarations or orders by Governmental Authority. The Limits of Liability are inclusive of a Claim against a Member arising out of, in whole or in part, directly or indirectly, declarations or orders of disaster or emergency which includes but is not limited to: pandemics, communicable diseases, and natural disasters subject to a sublimit not to exceed \$50,000 per Claim and a \$500,000 annual Aggregate.
2. Nominal Damages. The Limits of Liability are inclusive of a Claim against a Member for Nominal Damages, provided, however, that the Pool's duty to indemnify a Claim resulting in an award of only Nominal Damages and attorney's fees and expenses or punitive damages is subject to a sublimit not to exceed \$250,000 per Claim.

SECTION IV - EXCLUSIONS

A. THIS COVERAGE DOCUMENT DOES NOT APPLY TO:

Claims arising out of, in whole or in part, directly or indirectly, or arising in concurrent cause with the following:

1. The ownership, operation, management, use, control, repair, maintenance, demonstration, loading or unloading, or entrustment to others of any motor vehicles of any kind, Aircraft, watercraft, or any motor driven equipment, and any policies, practices, customs, usages or procedures related to the above.
2. Fraud, dishonesty, reckless, malicious or criminal act or omission of any Member who consented to or had knowledge of the fraud, dishonesty, reckless, malicious or criminal act or omission. This exclusion does not apply to an act that is an element of a Claim of malicious prosecution.
3. Fraud, dishonesty, reckless, malicious or criminal act or omission by a Member who committed, or is identified as the perpetrator of, the fraud, dishonesty, reckless, malicious or criminal act or omission. This exclusion does not apply to an act that is an element of a Claim of malicious prosecution.
4. Unfair, discriminatory, retaliatory or unlawful practices relating to employment or to applicants for employment, trainees or volunteers; any errors, omissions or negligent acts relating to employment, including the processes of hiring and firing and the provision of wages and benefits; any work-related Bodily Injury of a Member for which a Claim for Workers' Compensation could be made.
5. Continuous or repeated exposure to the same or similar conditions in which any exposure existed or happened before the Coverage Document Period or the retroactive date set forth in the CCD, if any.
6. Any interference with or violation of property rights or a reduction or loss in the value of real or personal property other than Property Damage; inverse condemnation, takings as understood under any law, adverse possession, dedication by adverse use or nuisance; or the intentional, negligent or accidental discharge, disbursement, release or escape of pollutants, or potential pollutants including smoke, vapors, soot, fumes, acids, alkalis, toxins, pathogens, chemicals, particulates, fibers, radioactivity or radiation, whether thermal, thermonuclear or otherwise, solids, liquids or gases, waste materials or irritants, contaminants, or other pollutants or potential pollutants of any kind into or upon land, any area below ground, air, the atmosphere, or water; nor to demands or actions arising from any governmental direction or request that the Member test for, monitor, clean up, remove, contain, analyze, examine, treat, detoxify or neutralize pollutants or potential pollutants. Except that tear gas, mace or similar substances are not considered pollutants or potential pollutants when used or handled in the performance of a Law Enforcement Activity.
7. Bodily Injury or Personal Injury to:
 - a. an employee of the Named Member arising out of and in the course of:

- 1) Employment by the Named Member; or
 - 2) Performing duties related to the conduct of the Named Member's business; or
- b. The spouse, child, parent, brother or sister of the employee as a consequence of Bodily Injury described in Section IV.7.a.

This exclusion applies whether the Named Member may be liable as an employer or in any other capacity or whether the Named Member may have any obligation to share damages with or repay someone else who must pay damages because of the injury.

8. Bodily Injury or Personal Injury to any Volunteer Worker who is injured in the conduct of Law Enforcement Activity within the scope of his or her duties for you.
9. Any premise defect on the real property of the Member or on real property under the control of the Member.
10. The performance or non-performance of judicial acts or judicial duties; nor the performance or non-performance of prosecutorial acts or prosecutorial duties.

B. THIS COVERAGE DOCUMENT ALSO DOES NOT APPLY TO:

1. Any Claim which alleges, involves, or arises from any liabilities, responsibilities, duties or activities assumed, undertaken or accepted by any Member pursuant to any contract or agreement, including constructive and implied contracts, warranties, and demands, or any Claim which alleges, involves, or arises from any theory of quasi-contract, quantum meruit, or any theory of estoppel.
 - a. This exclusion does not apply to Claims brought against a Member that are otherwise covered under this Coverage Document that arise from the Law Enforcement Activities of an Employee of the Named Member pursuant to a mutual law enforcement assistance agreement, so long as the Employee has been assigned to perform the activities as part of his or her employment with the Named Member.
 - 1) For the purposes of this exception, **Employee** means an individual who: (a) is deputized or appointed by either the governing body or an elected official of the Named Member; (b) is paid a salary by the Named Member; and (c) is entitled to receive as compensation from the Named Member the same benefits afforded to other employees of the Named Member. This Section does not provide coverage to any individual who is not an employee of the Named Member as defined in this Section.
 - 2) This exception does not provide coverage under the Coverage Document to any entity other than the Named Member. Coverage is not provided for any entity that is created by a mutual law enforcement assistance agreement to which the Named Member is a party. Coverage is not provided to any other entity that enters into a mutual law enforcement assistance agreement with the Named Member. The terms of a mutual law enforcement assistance agreement do not become a part of this Coverage Document.

2. Any Claim which alleges, involves or arises from labor relations, including, without limitation, labor organizing, collective bargaining agreements, work stoppages, the Fair Labor Standards Act, the Texas Payday Act, or the actions of civil service or oversight commissions.
3. Any act, service, or duty for which an individual Member is being compensated or otherwise engaged other than by a law enforcement department or agency or other agency named in the CCD. Except that a Claim arising out of performance of a Law Enforcement Activity performed by a Member during a period of time for which the Member receives compensation from an entity other than the Named Member is not excluded if: (a) performance of the Law Enforcement Activity is undertaken on behalf of the Named Member; and (b) the Law Enforcement Activity and compensation are authorized by the Named Member;
4. Any Claim for the return of money or other property seized, held, auctioned or sold by the Member, including any forfeited money or other property or for the value of the money or other property;
5. Demands or actions seeking equitable relief, or redress in any form other than money Damages; actions or demands for costs, charges, attorney's fees or other fees or expenses in relation to any action, suit or proceeding seeking relief or redress in any form other than money Damages; or any investigatory, administrative, disciplinary, or criminal proceeding against a Member;
6. Any Claim by or through any Member against another Member, either individually or collectively; any Claim by any public official on behalf of a Member against any Member; any Claim by any public official or any governmental department or agency against any Member; any Claim by a volunteer engaged in activities for any Member against any Member; or any Claim which alleges or involves Property Damage to property of any Member or to property of any employee, official, agent or Volunteer Worker of the Member arising out of or in the course of activity with or employment by the Member, including loss of use of property. For the purpose of this exclusion, the term Member includes an individual who was a Member at the time the Claim arose.
7. Any medical malpractice Claim, including a health care liability Claim as defined in Section 74.001 of the Texas Civil Practice & Remedies Code, against a physician, physician's assistant or other health care provider.
8. Any statutorily created cause of action which authorizes a person with no direct relationship to the alleged statutorily prohibited conduct to recover damages or any other legal or equitable relief for the alleged statutorily prohibited conduct.

C. PRIVACY OR SECURITY EVENT LIABILITY AND EXPENSE COVERAGE EXCLUSION

1. This Coverage Document does not provide coverage for any liability, loss, penalty or expense arising directly or indirectly from any Privacy or Security Event.
2. For purposes of this exclusion the following definitions apply:

Computer System means computers and associated input and output devices, data storage devices, networking equipment and backup facilities:

- a. Operated by and either owned by or leased to any Member; or
- b. Operated by a third-party service provider and used to provide hosted computer application services to the Member or for processing, maintaining, hosting or storing the Member's electronic data pursuant to a written contract with the Member for such services.

Personal Information means an individual's name in combination with one or more of the following:

- a. Information concerning the individual that constitutes "nonpublic personal information" as defined in the Gramm-Leach-Bliley Act of 1999, as amended, and implementing regulations;
- b. Medical or health care information concerning the individual, including without limitation protected health information as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and implementing regulations;
- c. The individual's Social Security number, driver's license or state identification number, credit, debit, or other financial account numbers and associated security codes, access codes, passwords or personal identification numbers that allow access to the individual's financial account information; or
- d. Other nonpublic personally identifiable information, as protected under any local, state, federal or foreign law;

Provided, however, Personal Information does not include information that is lawfully available to the public, including without limitation information lawfully available from any Member or any local, state, federal or foreign governmental entity.

Privacy or Security Event means:

- a. The actual or reasonably suspected theft, loss or unauthorized disclosure of or access to Personal Information in the care, custody or control of a Member or for which a Member is legally responsible, regardless of whether such Personal Information is maintained in electronic, paper or any other format; or
- b. A violation or failure of the security of a Computer System, including but not limited to unauthorized access, unauthorized use, a denial of service attack or receipt or transmission of malicious code.

SECTION V – CONDITIONS

A. COMPLIANCE WITH CONDITIONS

If any Member fails to comply with any of the provisions of this Coverage Document, misrepresents any material fact, breaches any warranty, engages in fraudulent acts, makes false statements, or fails to comply with reasonable Pool requests, whether or not the Pool is actually prejudiced, there shall be no coverage, including any obligation to defend, for any Member as to the particular Claim or action in connection with which the breach occurred.

B. CCD

The CCD issued by Pool for any Coverage Document Period constitutes terms and conditions for that Coverage Document Period and constitutes part of the Coverage Document for the Coverage Document Period. In the case of an extension of coverage, the CCD may be issued in the form of an extension endorsement.

C. DELIVERY OF THIS COVERAGE DOCUMENT

Delivery of this Coverage Document to the Named Member shall be considered delivery to each Member and the Named Member is authorized by each Member to accept delivery on the Member's behalf.

D. APPLICATION FOR COVERAGE

The Application and any Renewal Application for this coverage submitted to the Pool, which is signed by the Named Member or its authorized representative, is part of this Coverage Document for purposes of reliance by the Pool on information contained in the Application. Any substantial mistake or misrepresentation in an Application for coverage which is relied upon by the Pool terminates all the obligations of the Pool under this Coverage Document, including those of payment and defense. The Pool may, at its sole option, elect to waive termination of any part of its obligations.

E. ASSISTANCE AND COOPERATION OF THE MEMBER.

1. The Member shall, without charge to the Pool, provide and assist and cooperate with the Pool in obtaining (whether by discovery in pending litigation against the Member or otherwise) truthful and accurate information pertaining to a Claim and Damages, including information bearing on the existence or nonexistence of coverage for the Claim or Damages under this Coverage Document, and for these purposes shall (a) upon the request of the Pool, or its authorized representative, submit to examination under oath by a representative of the Pool, (b) attend and participate in hearings, (c) attend and testify truthfully in depositions and trials, and (d) assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses in the conduct of suits, in giving accurate and truthful written statements to the Pool's representatives and meeting with the Pool's representatives for the purposes of investigation and defense and for determining whether the Claim or Damages are covered under this Coverage Document.
2. Neither the Named Member, nor any of its employees, agents, attorneys, elected officials, or representatives, shall, except at its own cost, make any payment, assume or admit any liability, waive any defense or settle any Claim or action or incur any expense, without the prior written consent of the Pool. Any voluntary payments made or expenses incurred shall be the sole obligation of the Member. Any liability admitted, assumed or settled or defenses waived, without prior written consent of the Pool, shall terminate the duty of the Pool to defend or indemnify any Member against the Claim.
3. Further, the Member shall not demand, or agree to, arbitration or mediation of any Claim made against the Member without prior written consent of the Pool.

4. Each Member agrees to cooperate with the Pool in the prosecution of Claims, suits, indemnity actions, cross-claims, and counterclaims as the Pool, in its sole discretion, shall deem to be appropriate with respect to any Claim or suit brought against any Member and each Member agrees to execute papers as are required to be executed in the defense of any action against any Member, or with respect to the prosecution of Claims, suits, indemnity actions, cross-claims, and counterclaims.
5. The Named Member is authorized by each Member to give and receive all notices to and from the Pool on the Member's behalf.

F. INTERPRETATION AND LIMITATIONS

The Pool and the Named Member are sophisticated entities and agree that this Coverage Document will be interpreted according to its plain meaning and no provision shall be construed against either party by virtue of drafting. The Pool and Named Member agree that this Coverage Document creates an arms-length relationship and does not impose any fiduciary duties on the Pool. The Pool and Named Member further agree that the full extent of the obligations and liabilities of the parties are contained within this document and that no extra-contractual duties shall be imposed upon either the Pool or the Named Member by reason of this Coverage Document.

G. NOTICE TO THE POOL

As a condition precedent under this Coverage Document, the Member shall:

1. Promptly and as soon as reasonably practicable report to the Pool all events or occurrences that could reasonably be expected to result in the Pool being required to consider a Claim against a Member, together with information concerning any particulars known by Members and including any reasonably obtainable information with respect to persons, events, locations and dates involved;
2. Immediately upon receipt of a Claim or Notice of Claim by a Member, and during the Coverage Document Period, provide the Pool written notice of any Claim or Notice of Claim made against the Member together with information concerning any particulars known by Members and including any reasonably obtainable information with respect to persons, events, locations and dates involved;
3. If suit is brought against a Member, immediately forward to the Pool any demand, notice, summons or other process received directly or indirectly by the Member or by the Member's representative, along with a precise statement to the Pool of when the demand, notice, summons or other process was received, and by whom it was received;
4. Where conditions precedent in this paragraph require that notice be given to the Pool, immediately render the notice or report to the person or agent specifically designated by the Pool as authorized to receive notice for the Pool. The Pool and the Named Member expressly agree that only notice delivered to an authorized recipient for the Pool can satisfy any notice requirement.

H. ACTION AGAINST THE POOL.

1. No legal action may be brought against the Pool unless there has been full compliance with all terms of this Coverage Document. In addition, no action may be brought against the Pool in regard to any matter involving a Claim or suit or proceeding involving this Coverage Document until the amount of the Member's obligation with respect to the pertinent Claim or suit or proceeding has been finally established either by: (a) final judgment against the Member by the court of last resort after actual trial of the issues and appeal has been determined, or if the time to appeal has expired without an appeal having been taken; or (b) by written agreement of the Member, the claimant and the Pool.
2. Nothing contained in this Coverage Document shall give the Member or any person, firm, corporation or organization other than the Pool, any right to join the Pool as a party in any action or proceeding against the Member to determine the Member's liability.
3. Any action against the Pool by the Member or any other person must be brought within two years and one day after the cause of action accrues.

I. SUBROGATION

If the Pool makes any payment under this Coverage Document, the Pool shall be subrogated to all of the Member's rights of indemnity or recovery, against any individual, firm, corporation, organization, or any other person. The Member shall execute and deliver instruments and papers and do whatever else shall be reasonably requested to advance the Pool's pursuit of its subrogation rights, and Members shall do nothing after any Claim is made to prejudice the Pool's rights. The Pool shall be entitled to take over and conduct, in the name of the Member, for the Pool's own benefit, any Claim to which the Pool is subrogated against any third party. The Pool may pursue or settle any Claim for its own benefit at its sole discretion.

J. CANCELLATION OR NON-RENEWAL

1. Either party to this Coverage Document may cancel or non-renew this Coverage Document by giving notice of such intent to the other party. The notice must be in writing and must be delivered by certified mail, return receipt requested via U.S. Mail to the other party. Except for notice of cancellation or non-renewal by the Pool for nonpayment of contributions, such notice must be given not less than 60 days prior to the effective date of cancellation.
2. The Pool may, in the Pool's sole discretion, permit the Named Member, upon the Named Member's written request, to terminate this Coverage Document by giving the Pool not less than 30 days' notice.
3. Notice of cancellation by the Named Member must be addressed to:

Texas Association of Counties Risk Management Pool
Attn: Member Services
P.O. Box 2131
Austin, Texas 78768-2131

4. The Pool may cancel or non-renew this Coverage Document:

- a. For nonpayment of contributions, unless other provision for payment has been made by express written agreement between the Named Member and the Pool;
- b. If there is an increase in risk or hazard within the Named Member's control which would result in an increase in the rate or amount of contribution;
- c. For fraud in the obtaining of coverage;
- d. If the Pool is placed in supervision, conservatorship, or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver;
- e. If the Named Member does not implement risk management techniques required by the Pool during the initial Coverage Document Period, or if risk management techniques do not result in the Named Member's attaining a risk level sufficient to meet the Pool's underwriting criteria during the initial coverage period;
- f. If the Interlocal Participation Agreement between the parties is terminated or the Named Member withdraws or is expelled from the Pool; or
- g. For the Named Member's violation of any of the Named Member's other obligations under the Pool's Bylaws or the Interlocal Participation Agreement between the Named Member and the Pool.

5. If the Pool cancels this Coverage Document for fraud in the obtaining of coverage or for nonpayment of contributions the cancellation shall be effective at 12:01 a.m. on the 10th day following the Pool's placement of the notice of cancellation in the U.S. Mail. These conditions do not waive or alter any other applicable provisions of the Pool's Bylaws or the Interlocal Participation Agreement between the Named Member and the Pool.

6. Notice of cancellation by the Pool may be given to the county judge or presiding officer of the Named Member at the Named Member's address shown in the CCD.

K. RETAINED CONTRIBUTION PROPORTIONS

- 1. If this Coverage Document is terminated by the Named Member, the Pool shall retain the customary short rate proportion of the contribution.
- 2. If this Coverage Document is terminated by or on behalf of the Pool, the Pool shall retain the customary pro-rata proportion of the contribution.

L. CERTAIN MODIFIED TERMS

An increase in contribution or deductible, or a reduction in Limits of Liability or Aggregate, or addition of endorsements to this Coverage Document, does not constitute a termination or refusal to renew this Coverage Document.

M. CHANGES

The Pool may make changes to this Coverage Document, as permitted by the Pool's Bylaws, the Interlocal Participation Agreement between the Named Member and the Pool, and the laws governing the creation and operation of the Pool. This Coverage Document's terms cannot be amended or waived without the written authorization of the Pool. Any changes to the Pool's Bylaws, the Interlocal Participation Agreement between the Pool and the Named Member, or the Pool's underwriting standards or criteria are incorporated.

N. LIBERALIZATION

If the Pool changes this Coverage Document to provide more coverage without additional premium charge, the additional coverage will be effective as of the day indicated in the Pool's written notice of change to the Named Member.

O. WAIVER

Notice to any agent or knowledge possessed by any agent or by any other person of any fact, condition or other matter which might constitute grounds for denial of coverage shall not effect a waiver or a change in any part of this Coverage Document or estop the Pool from asserting any rights, including a right to deny coverage, under this Coverage Document. The terms of this Coverage Document may not be waived or changed except by a written endorsement issued by the Pool.

P. ASSIGNMENT

Assignment of any interest under this Coverage Document shall not bind the Pool without its prior written consent.

Q. OTHER COVERAGE OR INSURANCE

If there is or may be other coverage or insurance against any incident, loss or Claim for which coverage is afforded under this Coverage Document, the coverage provided under this Coverage Document shall be deemed to be excess over any valid and collectible coverage or insurance available to any Member against whom a Claim is made. Members shall respond promptly to any reasonable inquiries from the Pool concerning other coverage or insurance that may be afforded to the Member or certain Members.

However, coverage will not be extended under this Coverage Document for any Claim for which a Member has or had occurrence-based coverage or insurance in place at the time of the error, omission or negligent act or occurrence resulting in any Claim.

R. JURISDICTION AND VENUE

The validity and interpretation of this Coverage Document will be governed by the laws of the State of Texas. This Coverage Document is performable and enforceable in Travis County, Texas. The state district courts in Travis County will be the sole and exclusive venue for any litigation, special proceeding, or other proceeding arising from the performance of this Coverage Document.

S. ENTIRE AGREEMENT

The Coverage Document, the Pool's Bylaws and Plan of Operation and the Interlocal Participation Agreement between the Pool and the Named Member together constitute the entire coverage agreement and this agreement cannot be modified except as agreed in writing. In the event of any conflicts regarding the coverage afforded, this Coverage Document controls.

T. PAYMENT

Payment of contribution to the Pool by the Named Member, as consideration for this agreement, shall be made as set forth in the CCD.

U. TWO OR MORE COVERAGE DOCUMENTS ISSUED BY THE POOL

If this Coverage Document and any other coverage document issued to the Named Member by the Pool apply to the same Claim, the aggregate maximum limit of liability under all coverage documents shall not exceed the highest applicable limit of liability under any one coverage document. This condition does not apply to any coverage document issued by the Pool specifically to apply as excess coverage over this Coverage Document.

V. EXAMINATION OF THE NAMED MEMBER'S BOOKS AND RECORDS

The Pool may examine and audit the Named Member's books and records as they relate to this Coverage Document or as may be required for the administration of the Pool.

W. INSPECTIONS AND LOSS CONTROL

The Pool has the right but is not obligated to:

1. Make inspections and surveys at any time;
2. Make risk management appraisals of the Named Member's operations, policies, procedures, vehicles, personnel and facilities;
3. Require the Named Member to implement and follow risk management procedures or techniques established by the Pool to reduce risk sufficient to meet the Pool's underwriting criteria. Any inspections, surveys, reports or requirements relate only to the Named Member's eligibility for liability coverage and the Contribution to be charged. The Pool does not make safety inspections. The Pool does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public, nor does the Pool warrant that conditions are safe or healthful or comply with laws, regulations, codes or standards.

This condition applies not only to the Pool, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

SECTION VI - EXTENDED REPORTING PERIOD

- A. If the Pool terminates or refuses to renew this Coverage Document for reasons other than the Named Member's fraud in the obtaining of coverage or non-payment of contributions or deductibles or non-compliance with the terms and conditions of this Coverage Document, or if the Named Member terminates or refuses to renew this Coverage Document, the Named Member, upon payment of an additional contribution as set forth below, shall have the option to extend the Claims made coverage afforded by this Coverage Document to apply to Claims first made against the Named Member during the 12 or 24 month period immediately following the Effective Date of the termination. An Optional Extended Reporting Period is limited to and shall only be effective for purposes of any error, omission or negligent act committed before the date on which the Optional Extended Reporting Period began and after the retroactive date set forth in the CCD, if any, subject to the terms, conditions, definitions, Limits of Liability, exclusions and deductible provisions of the Coverage Document in effect on the date the Optional Extended Reporting Period is exercised.
- B. An increase in contribution or deductible, or reduction in Limits of Liability or Aggregate, does not constitute a termination or refusal to renew this Coverage Document that would trigger an option to elect an Optional Extended Reporting Period.
- C. The extension of coverage for Claims made and reported after termination of the Coverage Document shall be endorsed, if purchased, and shall be referred to in this Coverage Document as the Optional Extended Reporting Period. Individual Claims made and reported during any Optional Extended Reporting Period shall be deemed to have occurred during the most recent Coverage Document Period and all terms of the Coverage Document shall apply.
- D. The contribution for the Optional Extended Reporting Period elected by the Named Member shall be:
 - 1. For a 12-month Optional Extended Reporting Period: 100 percent of the full annual contribution for coverage under this Coverage Document;
 - 2. For a 24-month Optional Extended Reporting Period: 150 percent of the full annual contribution for coverage under this Coverage Document.
- E. As a condition precedent to the Named Member's right to purchase the Optional Extended Reporting Period coverage, the Named Member must tender payment of all contributions and any unpaid deductibles due for the preceding period of coverage. The Named Member's right to purchase the Optional Extended Reporting Period coverage must be exercised by notice in writing and tendering of the contribution due not later than 10 days after the termination of this Coverage Document. If notice and contributions are not timely and properly made to the Pool, the Named Member shall not at a later date have any right to elect an Optional Extended Reporting Period.
- F. At the beginning of any Optional Extended Reporting Period, the entire contribution shall be deemed earned, and if the Named Member terminates the Optional Extended Reporting Period before the expiration of its full term for any reason, the Pool shall not be liable to return to the Named Member any portion of the contribution for the Optional Extended Reporting Period.



TEXAS ASSOCIATION *of* COUNTIES RISK MANAGEMENT POOL

PUBLIC OFFICIALS LIABILITY COVERAGE DOCUMENT

PUBLIC OFFICIALS LIABILITY COVERAGE

THIS IS A CLAIMS MADE COVERAGE DOCUMENT. PLEASE READ THE ENTIRE COVERAGE DOCUMENT CAREFULLY.

The Texas Association of Counties Risk Management Pool (Pool) was and is created to enable Members to purchase coverage against liability Claims. The Pool is not an insurance company. This is not a contract of insurance but is an agreement for liability coverage pursuant to the provisions of Chapter 119 of the Texas Local Government Code, and under Chapters 791 and 2259 of the Texas Government Code. Under this agreement, political subdivisions create and contribute to a pool as an alternative to commercial insurance markets. No part of this Coverage Document is subject to the Texas Insurance Code.

Except to the extent as may otherwise be provided herein, the coverage of this Coverage Document is limited to only those Claims THAT ARE FIRST MADE AGAINST THE MEMBER DURING THE COVERAGE DOCUMENT PERIOD AND TIMELY REPORTED TO THE POOL.

The Contribution and Coverage Declarations (CCD) issued to the Named Member by the Pool is part of this Coverage Document, subject to the terms, conditions, definitions, exclusions, and sublimits contained in this Coverage Document, any endorsements, and the Interlocal Participation Agreement (IPA).

Words and phrases that are capitalized have special meaning. Refer to SECTION II- DEFINITIONS

SECTION I - CLAIMS MADE COVERAGE AGREEMENT: PAYMENT AND DEFENSE

In consideration of the Member's contribution to the Pool, and in reliance upon the representations made by the Member in the application and any renewal application for this coverage, and subject to all provisions contained in this Coverage Document, including any endorsements, the Pool agrees as follows:

A. WHAT WE WILL PAY

The Pool will pay on behalf of the Member, subject to all provisions contained in this Coverage Document, any sums which the Member shall become legally obligated to pay as Damages or Claims Expenses solely by reason of any Wrongful Act stated in a Claim.

PROVIDED ALWAYS that the following are true:

1. Notice of Claim occurs during the Coverage Document Period;
2. Notice is provided by the Member to the Pool during the Coverage Document Period (or during the Optional Extended Reporting Period, if applicable);
3. The Wrongful Act for which Claim is made happened during the Coverage Document Period or on or after the retroactive date set forth in the CCD; provided, however that if the Wrongful Act happened before the Coverage Document Period, the Named Member did not give notice to any prior insurer or coverage provider; and

4. The Member had no knowledge or reason to believe at the inception of the Coverage Document Period or any extensions or renewals that any Wrongful Act was likely to result in a Claim being made against any Member.

B. DEFENSE, SETTLEMENT AND ALLOCATION OF DAMAGES

1. Subject to all of the provisions contained in this Coverage Document, the Pool has the right and duty to defend any Claim against the Member alleging a Wrongful Act and seeking Damages potentially covered by this Coverage Document, except that the Pool's duty to defend shall terminate:
 - a. If it is conclusively established that the Claim is not covered by this Coverage Document. This exception applies even if the fact conclusively established overlaps with the merits or contradicts the factual allegations of the Claim;
 - b. If the Member committed, or is identified as the perpetrator of, reckless, malicious, or criminal acts or omissions;
 - c. If we have paid the full amount of the Limits or sublimits applicable to the Claim or on Aggregate;
 - d. If the Member breaches any duty under this Coverage Document.
2. The Pool will provide, subject to the other provisions of the Coverage Document, a defense to a Claim alleging fraud, dishonesty, or bad faith on the part of any Member that is excluded under Section IV.A.1.; provided, however, that the duty to defend will terminate if it is conclusively established that the acts of dishonesty, fraud, or bad faith were committed by the Member and were material to the Claim. This exception applies even if the fact conclusively established overlaps with the merits or contradicts the factual allegations of the Claim.
3. The Pool will provide, subject to the other provisions of the Coverage Document, a defense to a reckless, malicious, or criminal act or omission Claim against a Member that is excluded under Section IV.A.8; provided, however, that the Pool's obligation is limited to the defense of the Named Member or any Member who did not commit, or is not identified as the perpetrator, of the reckless, malicious, or criminal act or omission.
4. The Pool will provide, subject to the other provisions of the Coverage Document, a defense to a constitutional or statutory takings Claim that is excluded from coverage under Section IV.A.7; provided, however, that the Pool's Claim Expense obligation is limited to \$50,000 per Claim and \$50,000 in the Aggregate. This limited duty to defend is the Pool's sole obligation under this provision.
5. If a suit alleges causes of action, some of which are potentially covered by this Coverage Document and others of which are not covered, the Pool has the right, but not the duty, to defend you against those causes of action which are not covered. If the Pool elects not to defend you against the non-covered causes of action, the Pool will notify you of our decision.

6. The Pool shall have the right to control the defense of any Claim, including the right to select defense counsel for any Member. Member may retain additional counsel at its own expense but the Pool retains the exclusive right to control the defense.
7. The Pool shall have the right, but not the duty, to appeal any judgment adverse to the Member.
8. The Pool shall have the right to incur Claims Expenses and to make an investigation of any Claim or suit as may be deemed expedient by the Pool.
9. The Pool has no duty to defend a Member before a Claim is presented.
 - a. Upon written request to the Pool by the Named Member for pre-Claim involvement of the Pool prior to the formal existence of a Claim, the Pool has the right, but not the duty, to designate attorneys, investigators, or other persons to perform work and incur expenses on behalf of the Named Member where the Pool anticipates a Claim.
 - b. If, in the sole discretion of the Pool, employing the services of attorneys, investigators, or other persons to perform work and incur expenses on behalf of any Member, or the Pool, is deemed appropriate to protect Pool interests prior to the formal existence of a Claim, the Pool has the right, but not the duty, to employ persons as a Pool operational expense.
 - c. Pre-claim involvement of the Pool under 9.a or 9.b shall not constitute a waiver of any rights the Pool may have pursuant to any provisions of this Coverage Document. The Pool may withdraw at any time from pre-Claim involvement under 9.a or 9.b.
10. The Pool shall have the right, but not the duty, to monitor and participate in the defense of any investigatory, administrative, or disciplinary proceeding relating to any Wrongful Act of the Member. Should the Pool elect to defend, monitor, or participate under this provision, the election shall not constitute a waiver of any rights the Pool may have pursuant to any of the provisions of this Coverage Document.
11. The Pool shall have the right to settle any Claim or suit as may be deemed expedient by the Pool and the Pool may settle any Claim at its sole discretion without the consent of the Member. The determination by the Pool as to any settlement and as to the reasonableness of the settlements and Claims Expenses shall be conclusive on the Member.
12. The Pool shall have no obligation to pay sums the Member shall become legally liable to pay as Claims or Damages that are not covered by this Coverage Document (including amounts in excess of any applicable sublimits) or to contribute to a settlement of any such Claims or Damages. In negotiating any settlement or Claim payment, the Pool shall have the right to request the Member make an appropriate contribution for uncovered Claims or Damages. If both Damages covered by this Coverage Document and Damages not covered by this Coverage Document are incurred or are to be incurred because a Claim made against the Member or Damages sought from the Member includes both covered and uncovered matters, the Pool and the Member will use their best efforts to determine a fair and appropriate allocation of Damages between

that portion of Damages that is covered under this Coverage Document and that portion of Damages that is not covered under this Coverage Document. The Pool and the Member will take into account the relative legal and financial exposures of, and relative benefits obtained in connection with the defense or settlement of, the Claim. In the event the Pool and the Member cannot reach an agreement as to an allocation of Damages, then the parties will each contribute the amount proposed by the Pool until a final amount is agreed upon or determined pursuant to the provisions of this Coverage Document and applicable law.

13. If the Pool determines that the Limits of Liability under this Coverage Document may be insufficient to pay or settle any covered Claim or Claims, or if there are multiple or competing Claims against one or more Members, the Pool may, in its sole discretion, tender the remaining Limits of Liability available under this Coverage Document, either to the treasury of the Named Member, a person authorized to receive funds for the Named Member, or the registry of a court of competent jurisdiction and exhaust the Limits of Liability under this Coverage Document. Any tender under this provision shall be applied toward and may result in the exhaustion of the Aggregate under the CCD.
14. The Pool will not pay Damages for any Claims where such payments are prohibited by federal or state statute or other applicable law.

SECTION II - DEFINITIONS

- A. **Aggregate** means the Pool's total liability for Damages resulting from all Claims first made against the Members during the Coverage Document Period and shall not exceed the amount stated in the CCD as Aggregate regardless of the time when the Claim is paid. If the Named Member exercises the right to purchase the Optional Extension Coverage, the Aggregate limit for the Optional Extended Reporting Period shall be no more than that which remains of the Aggregate limit from the immediately preceding Coverage Document Period.
- B. **Aircraft** means any machine capable of flight, including an airplane, helicopter, glider, balloon or aerial vehicle that is not controlled by a person from within or on the aerial vehicle.
- C. **Back Wages** means salary or other remuneration owed as a result of the wrongful termination of employment. It does not include back benefits.
- D. **Claim** means a written demand received by the Member specifically for money Damages, including punitive or exemplary damages and back wages, against the Member.

Claims based on or arising out of the same Wrongful Act or interrelated Wrongful Acts, involving one or more of the Members, shall be considered a single Claim, and a Claim so considered shall be deemed to have been made solely during the one Coverage Document Period which includes the time the Claim is initially made.

E. Claims Expenses means:

1. Fees incurred by the Pool for an attorney designated by the Pool;
2. All other fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a Claim, if incurred by the Pool, except for those fees, costs, and expenses of the employees of the Texas Association of Counties, or expenses of a Claims adjustment contractor for the Pool;
3. Fees charged by any attorney designated by the Member with the written consent of the Pool, but only as to those fees incurred after receipt by the Member of written consent from the Pool; and
4. Expenses incurred where the Pool, in accordance with Section I.B.9.a. of this Coverage Document, responds to a written request by the Named Member for pre-Claim involvement of the Pool prior to the formal existence of a Claim to perform work and incur expenses on behalf of the Named Member.

F. Contribution and Coverage Declarations (CCD) means the document that sets forth the specific indication of the coverage, limits and deductibles, Contributions and special provisions elected by each Member, including any modifications made by issuance of any amendatory CCD or endorsement.

G. Coverage Document means this agreement between the Pool and Member, including any endorsements.

H. Coverage Document Period means that one-year period Designated in the CCD, unless otherwise specified, or the period as shortened by termination, if any.

If the Optional Extended Reporting Period coverage is purchased by the Member, it shall in no way increase the Coverage Document Period or any renewal, except that any Optional Extended Reporting Period shall be included in the previous Coverage Document Period for purposes of application of the Aggregate limit of the Pool's liability.

I. Damages means actual and compensatory money damages, Nominal Damages, and punitive damages, arising out of a Wrongful Act of a Member, and does not include:

1. penalties, fines, sanctions, unpaid or withheld wages, overtime, back benefits, taxes, monies or fees collected or received by the Member, or any similar types of damages, or restitution of any kind for any damages just enumerated, even if designated as compensatory or liquidated damages under any federal or state law;
2. any damages resulting from harm to or interference with property of any Member or any employee, agent, or volunteer of the Member arising out of activity with or employment by Member, including loss of use of property;
3. any damages resulting from property seized, held, auctioned or sold by the Member, including any forfeited money or other property or its value, or resulting from violation of or interference with property rights;

4. any amount which may become due and payable under the terms of any contractual obligation whether imposed by law or by agreement of the Member;
 5. attorney's fees and any costs, charges, fees or expenses of litigation if any are demanded from the Member without an accompanying demand for other relief which would constitute Damages, or that portion of any attorney's fees and any costs, charges, fees or expenses of litigation demanded from the Member which may be attributed or allocated to a Claim or any part of a Claim excluded under this Coverage Document (including any part of a Claim that exceeds a sublimit imposed under this Coverage Document), to any demand for relief other than for actual or compensatory damages, or to any other demand or matter not covered under this Coverage Document.
 6. any consequential damages for losses not flowing directly and immediately from a Wrongful Act of the Member but that result indirectly from such Wrongful Act.
- J. **Effective Date** means the date the Coverage Document becomes effective in the Coverage Document Period. The Effective Date of any renewal of this Coverage Document shall be considered the Effective Date of a new Coverage Document Period.
- K. **Limits of Liability** means the Limits of Liability of the Pool for payment of Damages shall be the applicable limit shown in the CCD under Limits of Liability. Limits of Liability include per Claim limits, any applicable sublimits, and Aggregate limits.
- L. **Member** means (1) Named Member; (2) those persons, individually or collectively, acting within the scope of their Official Capacity who are duly elected or appointed officials or employees or volunteers of the Named Member; and (3) a board, committee or similar entity that (a) is created solely by the Named Member's governing body, (b) is comprised only of persons appointed by the Named Member's governing body, (c) serves only the Named Member's purposes, and (d) is funded at least in part by the Named Member.

The Juvenile Board is a Member, but only if the Juvenile Board serves only the Named Member's county. If the Juvenile Board serves more than one county, the Juvenile Board is a Member only if each county represented on the Juvenile Board is a Member of the Pool. The individuals serving on the Juvenile Board are Members only if they are officials or employees or volunteers of the Named Member.

The district attorney is not a Member, nor is a district judge. An individual serving as criminal district attorney, county/district attorney or another statutorily-created office that is, effectively, a combination of the offices of county attorney and district attorney is a Member, but only when performing functions performed by the county attorney in a county that has a county attorney.

Anyone serving under a third-party contract with the Named Member is not a Member.

- M. **Named Member** means a county or other political subdivision so designated in the CCD.

- N. **Notice of Claim** means one of the following, whichever occurs first:
1. For a lawsuit against the Member, notice of the suit by service of process or otherwise; or
 2. The Member obtains or receives knowledge or reason to believe that any Wrongful Act may reasonably be expected to result in a Claim.
- O. **Nominal Damages** means compensatory damages in an amount of \$100 or less, or those damages which are awarded not to compensate for an actual loss or injury but only to recognize a violation of rights.
- P. **Official Capacity** means only those functions and responsibilities that come within the scope of performance of a Member for or on behalf of the Named Member.
- Q. **Optional Extension Coverage** means the optional coverage that may be purchased if the Pool, or the Named Member, cancels or refuses to renew this Coverage Document as set forth in Section VII of this Coverage Document.
- R. **Optional Extended Reporting Period** means the period for which the Named Member elects to purchase Optional Extension Coverage.
- S. **Pool** means the Texas Association of Counties Risk Management Pool.
- T. **Wrongful Act** means any actual or alleged error or misstatement, omission, act of neglect or breach of duty including misfeasance, malfeasance, or nonfeasance by the Member, or Members in their Official Capacity, individually or collectively, or any matter claimed against them solely by reason of their having served or acted in an Official Capacity.

SECTION III - LIMITS OF LIABILITY

The following Limits of Liability apply unless otherwise stated on the CCD.

A. LIMITS OF LIABILITY

1. Regardless of the number of:
 - a. Members involved in a Claim,
 - b. Persons or entities who sustain Damages, or
 - c. Claims made,

exhaustion of the Limits of Liability shown in the CCD shall terminate the Pool's liability to pay any Damages or Claims Expenses. The Pool shall never be required to pay Damages in excess of the applicable Limits of Liability shown in the CCD in connection with any Claim or Claims.

2. Claims based on or arising out of the same or related acts, omissions, or events involving one or more Members shall be considered a single Claim and only one deductible and one Limits of Liability shall be applicable to the Claim.
3. If Member has, or is a beneficiary of, other Coverage Documents through the Pool, the Pool shall not be required to pay an amount in excess of the appropriate Limits of Liability shown in the CCD in connection with any Claim. The Pool and the Named Member agree that Pool coverages do not combine with respect to payment of Damages or Claims Expenses.
4. The Pool's total liability for Damages for all Claims during any one Coverage Document Period shall never exceed the Aggregate stated in the Limits of Liability of the CCD. Exhaustion of the amount designated as Aggregate in the CCD terminates: (1) the Pool's duties to defend any Member in connection with any claims made or then pending against Member; and (2) the Pool's liability to pay any amounts for Claims Expenses or Damages for any Claims. Tender by the Pool, under Section I.B.13, of an amount that would exhaust the Aggregate Limits of Liability under the CCD shall constitute an Exhaustion of the Aggregate limits.
5. Tender by the Pool, under Section I.B.13, of an amount that would exhaust either the per Claim Limits of Liability for any Claim to the treasury of the Named Member, a person authorized to receive funds for the Named Member, or the registry of a court of competent jurisdiction, shall terminate the Pool's liability to pay any amounts for Damages or Claim Expenses with regard to any Claim or Claims.
6. Claims Expenses shall not be deducted from the Limits of Liability.

B. SUPPLEMENTARY PAYMENTS

The Pool will pay, in addition to the applicable Claims Expenses and the Limits of Liability, as shown in CCD:

1. Expenses incurred by Texas Association of Counties employees, or Claims adjustment contractors in the monitoring and supervision of Claims;
2. Interest, but only on that portion of any judgment which does not exceed the Pool's Limits of Liability thereon, which accrues after entry of the judgment and before the Pool has paid or tendered or deposited into the court registry that portion of the judgment which is the Pool's liability;
3. Up to \$250 per bond premium on appeal bonds in any suit defended by the Pool and up to \$250 premium on bonds to release attachments in any suit, for an amount not in excess of the Limits of Liability. However, in accordance with its discretionary right to appeal, the Pool shall have the right, but not the obligation, to apply for or furnish any appeal bond.

C. DEDUCTIBLE

The Pool will pay only those Damages and Claims Expenses, with regard to a Claim, which are in excess of the deductible amounts stated in the CCD. The deductible amount stated in the CCD shall be borne by the Named Member and shall not be borne by the Pool. The Named Member is wholly responsible for paying the entire deductible shown in the CCD. A Member, other than the Named Member, has no personal responsibility for paying any portion of the Deductible, and is fully covered for the amount of any liability not in excess of \$100,000, as referenced in Texas Civil Practices and Remedies Code Section 108.002.

At the option and discretion of the Pool, the Pool may pay all or part of the deductible amount to effect settlement, and, upon notification to the Named Member, Named Member shall promptly reimburse the Pool for all expenditures. If the Pool pays any Claims Expenses which fall within the deductible amount stated in the CCD, the Named Member, upon notification, shall promptly reimburse the Pool for all expenditures.

The deductible amount stated in the CCD shall be applicable to each Claim and request for pre-Claim assistance under Section I.B.9.a involving each Member and shall include payments for Damages and Claims Expenses.

D. SUBLIMITS

1. County or District Clerk. The Aggregate Limit of Liability is exclusive of a Claim against the county clerk or a deputy county clerk and the district clerk or a deputy district clerk for liability incurred through errors or omissions in the performance of their official duties. The Limit of Liability for a Claim for liability incurred through errors or omissions in the performance of their official duties against the county clerk or a deputy county clerk shall not exceed \$1,000,000. The Limit of Liability for a Claim for liability incurred through errors or omissions in the performance of their official duties against the district clerk or a deputy district clerk shall not exceed \$1,000,000. These Limits of Liability are provided in addition to and are distinct from the Limits of Liability provided under this Coverage Document.
2. Back Wages. The Limits of Liability are inclusive of a Claim against a Member for Back Wages subject to a sublimit not to exceed \$50,000 per Claim and a \$100,000 annual Aggregate Limit of Liability.
3. Prosecutor. The Limits of Liability are inclusive of Claim Expenses for a Claim against the county attorney, or other employees of the county attorney or other employees of the district attorney for malicious prosecution subject to a sublimit not to exceed \$500,000 per Claim and a \$1,000,000 annual Aggregate Limit of Liability.
4. Takings. The Limits of Liability are inclusive of Claim Expenses for a statutory or constitutional takings Claim up to a sublimit of \$50,000 per Claim and a \$50,000 annual Aggregate Limit of Liability.
5. Nominal Damages. The Limits of Liability are inclusive of a Claim against a Member for Nominal Damages, provided, however, that the Pool's duty to indemnify a Claim

resulting in an award of only Nominal damages and attorney's fees and expenses or punitive damages is subject to a sublimit not to exceed \$250,000 per claim.

SECTION IV - EXCLUSIONS

A. THIS COVERAGE DOCUMENT DOES NOT APPLY TO:

Claims arising out of, in whole or in part, directly or indirectly, or arising in concurrent cause with the following:

1. Fraud, dishonesty, or bad faith of any Member, except as an element of a Claim of malicious prosecution.
2. Bodily Injury, sickness, assault or battery, communicable disease, or death of any person.
3. Physical injury to property or loss of use of property.
4. Any Wrongful Act performed while the Member was engaged in any activity for which the Member received compensation from any source other than the Named Member or was engaged other than by and through the specific authority of the Named Member.
5. False arrest, false imprisonment, excessive use of force, wrongful detention, wrongful eviction, wrongful entry, or other invasion of the right of private occupancy, wrongful or improper service of process, humiliation, libel, slander, or violation of an individual's right of privacy.
6. Any acts, services, or duties in furtherance of or supervision of the law enforcement pursuits or activities of any law enforcement officials, department, or agency of the Named Member including budgeting for law enforcement, except as an element of: (a) a Claim of malicious prosecution; or (b) a Claim arising out of actual or alleged wrongful employment practices brought by employees of the Named Member who are not elected officials of the Named Member.
7. Inverse condemnation, takings as understood under any law, adverse possession, dedication by adverse use or nuisance; nor the intentional, negligent or accidental discharge, disbursal, release or escape of pollutants, or potential pollutants, including smoke, vapors, soot, fumes, acids, alkalis, toxins, pathogens, chemicals, particulates, fibers, radioactivity or radiation, whether thermal, thermonuclear or otherwise, solids, liquids or gases, waste materials or irritants, contaminants, or other pollutants or potential pollutants of any kind into or upon land, any area below ground, air, the atmosphere, or water; nor demands or actions arising from any governmental direction or request that the Member test for, monitor, clean up, remove, contain, analyze, examine, treat, detoxify or neutralize pollutants or potential pollutants.
8. Reckless, malicious, or criminal act or omission of any Member who consented to or had knowledge of the reckless, malicious, or criminal act or omission. This exclusion does not apply to an act that is an element of a Claim of malicious prosecution.

9. Reckless, malicious, or criminal act or omission by a Member who committed, or is identified as the perpetrator, of the reckless, malicious, or criminal act or omission. This exclusion does not apply to an act that is an element of a Claim of malicious prosecution.
10. Acts or omissions relating to Member's fiduciary capacity as respects any employee benefit plan or as trustee of any employee benefit plan.
11. Continuous or repeated exposure to the same or similar conditions in which any exposure or condition existed or happened before the Coverage Document Period or the retroactive date set forth on the CCD, if any.
12. Professional services provided by any lawyer, architect, engineer or accountant to any person or entity other than the Named Member.
13. Laboratory testing or medical malpractice. For the purpose of this exclusion a medical malpractice Claim includes a health care liability Claim as defined in Section 74.001 of the Texas Civil Practice & Remedies Code, against a physician, physician's assistant or other health care provider.
14. A regulatory act or similar act by a Member that restricts, limits, or prohibits a person or entity's right to: (a) use property owned by the person or entity; or (b) to pursue a certain business.
15. Preparation of bid specifications, failure to supply governmental services, and strikes, riots, or civil commotion.
16. The failure to pay: (a) any bond, including interest on any bond; or (b) any debt, financial guarantee, or debenture.
17. The ownership, operation, management, use, control, repair, maintenance, demonstration, loading or unloading, or entrustment to others of any motor vehicles of any kind, Aircraft, watercraft, or any motor driven equipment, and any policies, practices, customs, usages or procedures related to the above.

B. THIS COVERAGE DOCUMENT ALSO DOES NOT APPLY TO:

1. Any Claim which alleges, involves, or arises from any liabilities, responsibilities, duties or activities assumed, undertaken or accepted by any Member pursuant to any contract or agreement, including constructive and implied contracts, warranties, and demands, or any Claim which alleges, involves, or arises from any theory of quasi-contract, quantum meruit, or any theory of estoppel.
2. Any Claim which alleges, involves or arises from labor relations, including, without limitation, labor organizing, collective bargaining agreements, work stoppages, the Fair Labor Standards Act, the Texas Payday Act, or the actions of civil service or oversight commissions.

3. Any Claim by or through any Member against another Member, either individually or collectively, nor to any Claim by any public official on behalf of a Member against any Member; nor to any Claim by a volunteer engaged in activities for any Member against any Member; however, this exclusion shall not apply to Claims arising out of actual or alleged wrongful employment practices brought by employees of the Named Member who are not elected officials of the Named Member, nor to any Claim brought against a county clerk or deputy county clerk, or district clerk or deputy district clerk for liability incurred through errors and omissions in the performance of their official duties. For the purpose of this exclusion, the term Member includes an individual that was a Member at the time the Claim arose.
4. Demands or actions seeking equitable relief, or redress in any form other than money Damages; nor to any action, suit or proceeding seeking relief or redress in any form other than money Damages; nor to any investigatory, administrative, disciplinary, or criminal proceeding against a Member.
5. Demands or actions related to a Claim resulting from the actual or reasonably suspected theft, loss or unauthorized disclosure of or access to electronic information or a violation or failure of the security of the Named Member's Computer System.
6. Any statutorily created cause of action which authorizes a person with no direct relationship to the alleged statutorily prohibited conduct to recover damages or any other legal or equitable relief for the alleged statutorily prohibited conduct.
7. Any Claim arising out of the performance or non-performance of judicial duties and brought by a person who was not a party to the judicial proceeding.
8. This Coverage Document does not provide coverage for any liability, Claim, penalty or expense arising directly or indirectly from any Privacy or Security Event.

For purposes of this exclusion the following terms have the following meanings:

Computer System means computers and associated input and output devices, data storage devices, networking equipment and backup facilities:

- a. Operated by and either owned by or leased to any Member; or
- b. Operated by a third-party service provider and used to provide hosted computer application services to the Member or for processing, maintaining, hosting, or storing the Member's electronic data pursuant to a written contract with the Member for such services.

Personal Information means an individual's name in combination with one or more of the following:

- a. Information concerning the individual that constitutes nonpublic personal information as defined in the Gramm-Leach Bliley Act of 1999, as amended, and implementing regulations;

- b. Medical or health care information concerning the individual, including without limitation “protected health information” as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and implementing regulations;
- c. The individual’s Social Security number, driver’s license or state identification number, credit, debit, or other financial account numbers and associated security codes, access codes, passwords or personal identification numbers that allow access to the individual’s financial account information; or
- d. Other nonpublic personally identifiable information, as protected under any local, state, federal or foreign law;

Provided, however, Personal Information does not include information that is lawfully available to the public, including without limitation information lawfully available from any Member or any local, state, federal or foreign governmental entity.

Privacy or Security Event means:

- a. The actual or reasonably suspected theft, loss or unauthorized disclosure of or access to Personal Information in the care, custody or control of the Member or for which the Member is legally responsible, regardless of whether such Personal Information is maintained in electronic, paper or any other format;
- b. A violation or failure of the security of a Computer System, including but not limited to unauthorized access, unauthorized use, a denial-of-service attack or receipt or transmission of malicious code;
- c. A credible threat or series of related credible threats directed at a Member to: (1) release, divulge, disseminate, destroy, or use confidential information taken from the Member; (2) introduce malicious code into a Computer System; (3) corrupt, damage, or destroy a Computer System; (4) restrict or hinder access to a Computer System.
- d. Financial loss as a result of a fraudulent instruction, funds transfer fraud, or telephone fraud.

SECTION V - CONDITIONS

A. COMPLIANCE WITH CONDITIONS

If any Member fails to comply with any of the provisions of this Coverage Document, misrepresents any material fact, breaches any warranty, engages in fraudulent acts, makes false statements, or fails to comply with reasonable Pool requests, whether or not the Pool is actually prejudiced, there shall be no coverage, including any obligation to defend, for any Member as to the particular Claim or action in connection with which the breach occurred.

B. CCD

The CCD issued by Pool for any Coverage Document Period constitutes terms and conditions for that Coverage Document Period and constitutes part of the Coverage Document for the Coverage Document Period. In the case of an extension of coverage, the CCD may be issued in the form of an extension endorsement.

C. DELIVERY OF THIS COVERAGE DOCUMENT

Delivery of this Coverage Document to the Named Member shall be considered delivery to each Member and the Named Member is authorized by each Member to accept delivery on the Member's behalf.

D. APPLICATION FOR COVERAGE

The application and any renewal application for this coverage submitted to the Pool, which is signed by the Named Member or its authorized representative, is part of this Coverage Document for purposes of reliance by the Pool on information contained in the application. Any substantial mistake or misrepresentation in an application for coverage which is relied upon by the Pool terminates all the obligations of the Pool under this Coverage Document, including those of payment and defense. The Pool may, at its sole option, elect to waive termination of any part of its obligations.

E. ASSISTANCE AND COOPERATION OF THE MEMBER

1. The Member shall, without charge to the Pool, provide and assist and cooperate with the Pool in obtaining (whether by discovery in pending litigation against the Member or otherwise) truthful and accurate information pertaining to a Claim and Damages, including information bearing on the existence or nonexistence of coverage for the Claim or Damages under this Coverage Document, and for these purposes shall (a) upon the request of the Pool, or its authorized representative, submit to examination under oath by a representative of the Pool, (b) attend and participate in hearings, (c) attend and testify truthfully in depositions and trials, and (d) assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses in the conduct of suits, in giving accurate and truthful written statements to the Pool's representatives and meeting with the Pool's representatives for the purposes of investigation and defense and determining whether the Claim or Damages are covered under this Coverage Document.
2. Neither the Named Member, nor any of its employees, agents, attorneys, elected officials, or representatives, shall, except at its own cost, make any payment, assume or admit any liability, waive any defense or settle any Claim or action or incur any expense, without the prior written consent of the Pool. Any voluntary payments made or expenses incurred shall be the sole obligation of the Member. Any liability admitted, assumed, or settled or defenses waived, without prior written consent of the Pool, shall terminate the duty of the Pool to defend or indemnify any Member against the Claim.
3. Further, the Member shall not demand, or agree to, arbitration or mediation of any Claim made against the Member without prior written consent of the Pool.

4. Each Member agrees to cooperate with the Pool in the prosecution of Claims, suits, indemnity actions, cross-claims, and/or counterclaims as the Pool, in its sole discretion, shall deem to be appropriate with respect to any Claim or suit brought against any Member and each Member agrees to execute papers as are required to be executed in the defense of any action against any Member, or with respect to the prosecution of Claims, suits, indemnity actions, cross-claims, and/or counterclaims.
5. The Named Member is authorized by each Member to give and receive all notices to and from the Pool on the Member's behalf.

F. INTERPRETATION AND LIMITATIONS

The Pool and the Named Member are sophisticated entities and agree that this Coverage Document will be interpreted according to its plain meaning and no provision shall be construed against either party by virtue of drafting. The Pool and the Named Member agree that this Coverage Document creates an arms-length relationship and does not impose any fiduciary duties on the Pool. The Pool and the Named Member further agree that the full extent of the obligations and liabilities of the parties are contained within this document and that no extra-contractual duties shall be imposed upon either the Pool or the Named Member by reason of this Coverage Document.

G. NOTICE TO THE POOL

As a condition precedent under this Coverage Document, the Member shall:

1. Promptly and as soon as reasonably practicable report to the Pool all events or occurrences that could reasonably be expected to result in the Pool being required to consider a Claim against a Member, together with information concerning any particulars known by Members and including any reasonably obtainable information with respect to persons, events, locations and dates involved;
2. Immediately upon receipt of a Claim or Notice of Claim by a Member, and during the Coverage Document Period, give the Pool written notice of any Claim or Notice of Claim made against the Member together with information concerning any particulars known by Members and including any reasonably obtainable information with respect to persons, events, locations and dates involved;
3. If suit is brought against a Member, immediately forward to the Pool any demand, notice, summons or other process received directly or indirectly by the Member or by the Member's representative, along with a precise statement to the Pool of when the demand, notice, summons or other process was received, and by whom it was received; and
4. Where conditions precedent in this paragraph require that notice be given to the Pool, immediately render the notice or report to the person or agent specifically designated by the Pool as authorized to receive notice for the Pool. The Pool and the Named Member expressly agree that only notice delivered to an authorized recipient for the Pool can satisfy any notice requirement.

H. ACTION AGAINST THE POOL

1. No legal action may be brought against the Pool unless there has been full compliance with all terms of this Coverage Document. In addition, no action may be brought against the Pool in regard to any matter involving a Claim or suit or proceeding involving this Coverage Document until the amount of the Member's obligation with respect to the pertinent Claim or suit or proceeding has been finally determined either by: (a) final judgment against the Member by the court of last resort after actual trial of the issues and appeal has been determined, or if the time to appeal therefrom has expired without an appeal having been taken; or (b) by written agreement of the Member, the claimant, and the Pool.
2. Nothing contained in this Coverage Document shall give the Member or any person, firm, corporation or organization other than the Pool, any right to join the Pool as a party in any action or proceeding against the Member to determine the Member's liability.
3. Any action against the Pool by the Member or any other person must be brought within two years and one day after the cause of action accrues.

I. SUBROGATION

If it makes any payment under this Coverage Document, the Pool shall be subrogated to all of the Member's rights of indemnity or recovery, against any individual, firm, corporation, organization, or any other person. The Member shall execute and deliver instruments and papers and do whatever else shall be reasonably requested to advance the Pool's pursuit of its subrogation rights, and Members shall do nothing after any Claim is made to prejudice the Pool's rights. The Pool shall be entitled to take over and conduct, in the name of the Member, for the Pool's own benefit, any Claim to which the Pool is subrogated against any third party. The Pool may pursue or settle any Claim for its own benefit at its sole discretion.

J. CANCELLATION OR NON-RENEWAL

1. Either party to this Coverage Document may cancel or non-renew this Coverage Document by giving notice of such intent to the other party. The notice must be in writing and must be delivered by certified mail, return receipt requested via U.S. Mail to the other party. Except for notice of cancellation or non-renewal by the Pool for nonpayment of contributions, such notice must be given not less than 60 days prior to the effective date of cancellation.
2. The Pool may, in the Pool's sole discretion, permit the Named Member, upon the Named Member's written request, to terminate this Coverage Document by giving the Pool not less than 30 days' notice.
3. Notice of cancellation by the Named Member must be addressed to:

Texas Association of Counties Risk Management Pool
Attn: Member Services
P.O. Box 2131

4. The Pool may cancel or non-renew this Coverage Document:
 - a. For nonpayment of contributions, unless other provision for payment has been made by express written agreement between the Named Member and the Pool;
 - b. If there is an increase in risk or hazard within the Named Member's control which would result in an increase in the rate or amount of contribution;
 - c. For fraud in the obtaining of coverage;
 - d. If the Pool is placed in supervision, conservatorship, or receivership and the cancellation is approved or directed by the supervisor, conservator, or receiver;
 - e. If the Named Member does not implement risk management techniques required by the Pool during the initial Coverage Document Period, or if risk management techniques do not result in the Named Member's attaining a risk level sufficient to meet the Pool's underwriting criteria during the initial coverage period;
 - f. If the Interlocal Participation Agreement between the parties is terminated or the Named Member withdraws or is expelled from the Pool; or
 - g. For the Named Member's violation of any of the Named Member's other obligations under the Pool's Bylaws or the Interlocal Participation Agreement between the Named Member and the Pool.
5. If the Pool cancels this Coverage Document for fraud in the obtaining of coverage or nonpayment of contributions the cancellation shall be effective at 12:01 a.m. on the 10th day following the Pool's placement of the notice of cancellation in the U.S. Mail. These conditions do not waive or alter any other applicable provisions of the Pool's Bylaws or the Interlocal Participation Agreement between the Named Member and the Pool.
6. Notice of cancellation by the Pool may be given to the county judge or presiding officer of the Named Member at the Named Member's address shown in the CCD.

K. RETAINED CONTRIBUTION PROPORTIONS

1. If this Coverage Document is terminated by the Named Member, the Pool shall retain the customary short rate proportion of the contribution.
2. If this Coverage Document is terminated by or on behalf of the Pool, the Pool shall retain the customary pro-rata proportion of the contribution.

L. CERTAIN MODIFIED TERMS

An increase in contribution or deductible, or reduction in Limit of Liability or Aggregate, or addition of endorsements to the Coverage Document, does not constitute a termination or refusal to renew this Coverage Document.

M. CHANGES

The Pool may make changes to this Coverage Document, as permitted by the Pool's Bylaws, the Interlocal Participation Agreement between the Named Member and the Pool, and the laws governing the creation and operation of the Pool. This Coverage Document's terms cannot be amended or waived without the written authorization of the Pool. Any changes to the Pool's Bylaws, the Interlocal Participation Agreement between the Pool and the Named Member, or the Pool's underwriting standards or criteria are incorporated.

N. LIBERALIZATION

If the Pool changes this Coverage Document to provide more coverage without additional premium charge, the additional coverage will be effective as of the day indicated in the Pool's written notice of change to the Named Member.

O. WAIVER

Notice to any agent or knowledge possessed by any agent or by any other person of any fact, condition, or other matter which might constitute grounds for denial of coverage shall not effect a waiver or a change in any part of this Coverage Document or estop the Pool from asserting any rights, including a right to deny coverage, under this Coverage Document. The terms of this Coverage Document may not be waived or changed except by a written endorsement issued by the Pool.

P. ASSIGNMENT

Assignment of any interest under this Coverage Document shall not bind the Pool without its prior written consent.

Q. OTHER COVERAGE OR INSURANCE

If there is or may be other coverage or insurance against any incident, loss or Claim for which coverage is afforded under this Coverage Document, the coverage provided under this Coverage Document shall be deemed to be excess over any valid and collectible coverage or insurance available to any Member against whom a Claim is made. Members shall respond promptly to any reasonable inquiries from the Pool concerning other coverage or insurance that may be afforded to the Member or certain Members.

However, coverage will not be extended under this Coverage Document for any Claim for which a Member has or had occurrence-based coverage or insurance in place at the time of the Wrongful Act or occurrence resulting in any Claim.

R. JURISDICTION AND VENUE

The validity and interpretation of this Coverage Document will be governed by the laws of the State of Texas. This Coverage Document is performable and enforceable in Travis County, Texas. The state district courts in Travis County will be the sole and exclusive venue for any litigation, special proceeding, or other proceeding arising from the performance of this Coverage Document.

S. ENTIRE AGREEMENT

The Coverage Document, the Pool's Bylaws and Plan of Operation and the Interlocal Participation Agreement between the Pool and the Named Member together constitute the entire coverage agreement and this agreement cannot be modified except as agreed in writing. In the event of any conflicts regarding the coverage afforded, this Coverage Document controls.

T. PAYMENT

Payment of contribution to Pool by Named Member, as consideration for this agreement, shall be made as set forth in the CCD.

U. TWO OR MORE COVERAGE DOCUMENTS ISSUED BY THE POOL

If this Coverage Document and any other coverage document issued to the Named Member by the Pool apply to the same Claim, the aggregate maximum limit of liability under all coverage documents shall not exceed the highest applicable limit of liability under any one coverage document. This condition does not apply to any coverage document issued by the Pool specifically to apply as excess insurance over this Coverage Document.

V. EXAMINATION OF THE NAMED MEMBER'S BOOKS AND RECORDS

The Pool may examine and audit the Named Member's books and records as they relate to this Coverage Document or as may be required for the administration of the Pool.

W. INSPECTIONS AND LOSS CONTROL

The Pool has the right but is not obligated to:

1. Make inspections and surveys at any time;
2. Make risk management appraisals of the Named Member's operations, policies, procedures, vehicles, personnel and facilities;
3. Require the Named Member to implement and follow risk management procedures or techniques established by the Pool to reduce risk sufficient to meet the Pool's underwriting criteria. Any inspections, surveys, reports or requirements relate only to the Named Member's eligibility for liability coverage and the contribution to be charged. The Pool does not make safety inspections. The Pool does not undertake to

perform the duty of any person or organization to provide for the health or safety of workers or the public, nor does the Pool warrant that conditions are safe or healthful or comply with laws, regulations, codes, or standards.

This condition applies not only to the Pool, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports, or recommendations.

SECTION VI - EXTENDED REPORTING PERIOD

- A. If the Pool terminates or refuses to renew this Coverage Document for reasons other than the Named Member's fraud in the obtaining of coverage or non-payment of contributions or deductibles or non-compliance with the terms and conditions of this Coverage Document, or if the Named Member terminates or refuses to renew this Coverage Document, the Named Member, upon payment of an additional contribution as set forth below, shall have the option to extend the claims made coverage afforded by this Coverage Document to apply to Claims first made against the Named Member during the 12 or 24 month period immediately following the Effective Date of the termination. An Optional Extended Reporting Period is limited to and shall only be effective for purposes of any Wrongful Act committed before the date on which the Optional Extended Reporting Period began and after the retroactive date set forth in the CCD, if any, subject to the terms, conditions, definitions, Limits of Liability, exclusions and deductible provisions of the Coverage Document in effect on the date the Optional Extended Reporting Period is exercised.
- B. An increase in contribution or deductible, or reduction in Limit of Liability or Aggregate, does not constitute a termination or refusal to renew this Coverage Document that would trigger an option to elect an Optional Extended Reporting Period.
- C. The extension of coverage for Claims made and reported subsequent to termination of the Coverage Document shall be endorsed, if purchased, and shall be referred to in this Coverage Document as the Optional Extended Reporting Period. Individual Claims made and reported during any Optional Extended Reporting Period shall be deemed to have occurred during the most recent Coverage Document Period and all terms of the Coverage Document shall apply.
- D. The contribution for the Optional Extended Reporting Period elected by the Named Member shall be:
 - 1. For a 12 month Optional Extended Reporting Period: 100 percent of the full annual contribution for coverage under this Coverage Document;
 - 2. For a 24 month Optional Extended Reporting Period: 150 percent of the full annual contribution for coverage under this Coverage Document.
- E. As a condition precedent to the Named Member's right to purchase the Optional Extended Reporting Period coverage, the Named Member must tender payment of all contributions and any unpaid deductibles due for the preceding period of coverage. The Named Member's right to purchase the Optional Extended Reporting Period coverage must be exercised by notice in writing and tendering of the contribution due not later than 10 days

after the termination of this Coverage Document. If notice and contributions are not timely and properly made to the Pool, the Named Member shall not at a later date have any right to elect an Optional Extended Reporting Period.

- F. At the beginning of any Optional Extended Reporting Period, the entire contribution shall be deemed earned, and if the Named Member terminates the Optional Extended Reporting Period before the expiration of its full term for any reason, the Pool shall not be liable to return to the Named Member any portion of the contribution for the Optional Extended Reporting Period.