

SCHOOL LIABILITY COVERAGE AGREEMENT

PART A GENERAL

1. **Recitals and Acknowledgments.** The TASB Risk Management Fund (the Fund) provides coverage for school liability risk to educational entities in Texas. This coverage relies on information provided by the Fund Member. It is contingent on the Fund Member's full compliance with the Agreements: collectively, this School Liability Coverage Agreement (Coverage Agreement), the Contribution and Coverage Summary (CCS), and all other agreements between the Fund and the Fund Member with provisions relating to coverage under this Coverage Agreement. This Coverage Agreement is a risk sharing and risk participation agreement and is not a contract of insurance. The Fund is not an insurance company nor is any member an insured. The Fund is a self-insured risk pool through which its members agree to share risk and actively participate in their contractual obligations to lessen risk and cost for all members. The Fund Member and the Fund agree that, as sophisticated entities, any interpretation of the Agreements' coverage provisions will reflect the risk sharing nature of the Fund's purpose and the Fund Member's risk participation obligations contained in the Agreements, and disputes will be decided in favor of the Fund Member sharing risk with the Fund rather than transferring risk to the Fund. This § 1 is incorporated into the terms of this Coverage Agreement.

2. **General Coverage Grant Terms.** This Coverage Agreement incorporates Professional Legal Liability Coverage (PLL), General Liability Coverage (GL), Employee Benefits Liability Coverage (EBL), and Hired and Non-Owned Vehicles Liability Coverage (HNVL). Each coverage has a specified grant of coverage, and the following additional provisions apply to all:
 - 2.1 **Effect of the Agreements.** The provisions of the Agreements may further limit or exclude coverage.

 - 2.2 **Duty to defend.** The Fund has the right and duty to defend any **Claim**, suit, other types of claim, or loss seeking **Damages** against a **Covered Person** even if any of the allegations are groundless, false, or fraudulent. In no event will the Fund be obligated to pay **Damages** or continue to defend any matter after the applicable limits of liability have been exhausted. The Fund will have no duty to defend the **Covered Person** against a **Claim**, suit, other types of claim, or loss to which this Coverage Agreement does not apply.

 - 2.3 **Claim administration.** The Fund has sole authority in all claim decisions, including the extent to which any coverage or limit applies. The **Covered Person** retains all rights afforded by law.

3. **Defined Terms.** The following bolded and first-letter capitalized terms are defined and applicable throughout this Coverage Agreement unless otherwise limited or excluded:
 - 3.1 **Covered Person** means the Fund Member, and any past, present, or future:
 - (A) trustee or school board member, student-teacher, volunteer, or employee (including a student-employee) acting within the course and scope of their Fund Member duties or employment; or

 - (B) K-12 Fund Member student, under General Liability coverage only, while:
 - (1) participating in a career or technology program approved by the Fund Member but only up to a \$50,000 sublimit; or

 - (2) operating Fund Member-owned self-propelled motor-driven equipment at the direction of a Fund Member employee acting within the course and scope of their employment.

- 3.2 Damages** mean any amount, within the coverage limits, that a **Covered Person** is legally obligated to pay unless otherwise excluded in this Coverage Agreement. **Damages** include settlements, judgments, related court costs, and interest on any judgment. **Damages** do not include:
- (A) punitive or exemplary damages or cost or interest attributed to them, or consequential damages for loss of profits or income or otherwise, or multiple or additional damages intended as a penalty; or
 - (B) criminal or civil fines, forfeitures, monetary sanctions, taxes, or penalties, assessed as court costs or otherwise, imposed against any **Covered Person**.
- 3.3 Claim Expense** means reasonable and necessary fees charged by an attorney selected by the Fund and all other reasonable expenses approved by the Fund arising from the investigation or defense of any claim. **Claim Expense** will be in addition to the limits of liability shown on the CCS or in the Coverage Agreement. **Claim Expense** includes payment for premiums on appeal bonds required in any suit and premiums on bonds to release attachments. The Fund has no obligation to apply for or furnish these bonds. Any bond payment may not exceed the applicable limit of liability in the CCS. **Claim Expense** excludes salaries, loss of income, earnings, or benefits, or other consequential losses of any **Covered Person**.
- 3.4 Automobile** means self-propelled motor-driven equipment that is registered for use on a public road, or an automobile or motor vehicle, trailer, or semi-trailer, whether registered or not. An **Automobile** does not include self-propelled motor-driven equipment that is not registered for use on a public road, such as a lawnmower, golf cart, all-terrain vehicle, forklift, or tractor.
- 3.5 Participation Period** means the effective dates of coverage under this Coverage Agreement, as stated in the CCS.
- 3.6 Claim** means any written demand for monetary or non-pecuniary relief alleging a **Wrongful Act** presented to and naming a **Covered Person** from which litigation is reasonably anticipated, or that results in litigation. A **Claim** does not include demands presented that require an administrative proceeding or an alternative dispute resolution before any federal, state, or local administrative agency, commission, or board, or any related damages, costs, or expenses. When this Coverage Agreement utilizes the term “**Claim**,” it will be given its defined meaning, while the use of “claim” will be given its ordinary meaning.
- 3.7 Wrongful Act** means any actual or alleged act, error, or omission by a **Covered Person**.
- 3.8 Occurrence** means:
- (A) for General Liability Coverage, any negligent act, incident or event, including any continuous or repeated act, omission, or exposure to substantially the same harmful conditions, that results in **Bodily Injury, Property Damage, or Personal Injury** that is not expected or intended by the **Covered Person**;
 - (B) for Employee Benefits Liability Coverage, any negligent act or omission; or
 - (C) for Hired and Non-Owned Vehicles Liability Coverage, any **Automobile** accident that results in **Bodily Injury or Property Damage** that is not expected or intended by the **Covered Person**.
- 3.9 Bodily Injury** means bodily injury, sickness, disease, other physical injuries, including related mental anguish, or death sustained by any person. **Bodily Injury** includes an injury arising from the rendering or failure to render treatment by a **Covered Person** but is limited to medical, surgical, dental, or nursing treatment.

- 3.10 Property Damage** means physical harm to or the making inaccessible of the tangible property of others, including its loss of use, whether it has been physically harmed.
- 3.11 Personal Injury** means injury, other than **Bodily Injury**, including humiliation or mental anguish, that results directly from the following:
- (A) an oral or written publication of material that slanders or libels a person or organization, that disparages a person's or organization's goods, products, or services, or violates a person's right of privacy;
 - (B) infringement of intellectual property;
 - (C) a wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a dwelling or premises;
 - (D) false arrest, detention, or imprisonment; or
 - (E) malicious prosecution.
- 3.12 Mold** means any type or form of fungus, including mold or mildew, or any mycotoxins, spores, scents, or by-products produced or released by fungi.

PART B
PROFESSIONAL LEGAL LIABILITY COVERAGE (PLL)—CLAIMS-MADE AND REPORTED

- 4. Professional Legal Liability Coverage.** The following provisions apply to the Professional Legal Liability Coverage:
- 4.1 Grant of coverage for reported Claims.** The Fund will pay **Damages** arising out of a **Wrongful Act** provided a **Claim** is first made against the **Covered Person** and reported by them to the Fund during, or within 30 days of the last day of, the **Participation Period**, or, if purchased, reported during an extended reporting period. This reporting is a condition precedent to coverage. If the **Wrongful Act** occurred before the **Participation Period**, the Fund would only provide coverage if all of the following provisions are met:
- (A) no **Covered Person** gave notice to any prior insurer or provider of coverage of the **Wrongful Act**;
 - (B) the otherwise **Covered Person** seeking coverage had no actual or constructive knowledge of the **Wrongful Act** likely to give rise to a **Claim**, or actual or constructive knowledge of any related circumstance or incident likely to give rise to a **Claim** (although any knowledge by an otherwise **Covered Person** will not be imputed to any other **Covered Person**); and
 - (C) the **Claim** is first made against the **Covered Person** and reported to the Fund during the **Participation Period**.
- 4.2 Grant of coverage for reported incidents.** The Fund will pay **Damages** arising out of a suspected incident or **Wrongful Act** that has not resulted in a **Claim** if the Fund receives notice of the incident or **Wrongful Act** from a **Covered Person** during the **Participation Period** and a **Claim** is subsequently made. A **Claim** first made and reported after the **Participation Period** when the incident or **Wrongful Act** was previously reported will be considered to have been made on the last day of the reporting **Participation Period**.

4.3 Optional extended reporting period. The Fund may offer, in its sole discretion, the purchase of an extended reporting period of one year from the end of the **Participation Period** to report a **Claim** arising from a **Wrongful Act** that occurred or a **Claim** that was made but not reported during the **Participation Period**. If offered, the Fund Member must exercise this purchase option in writing within 30 days of the Fund's offer and pay any additional contribution within 30 days of acceptance. These contributions will be considered fully earned and non-refundable. **Wrongful Acts** that occur during the extended reporting period are excluded. Any **Claim** reported during the extended reporting period will be subject to the same terms and conditions as any other **Claim**. The extended reporting period does not provide new, additional, or renewed limits of liability, and the Fund's maximum limit for all **Claims** reported during the extended reporting period will be limited to the remaining portion of the applicable liability limit.

4.4 Criminal allegations—no duty to defend. The Fund has no duty to defend a **Claim** made against an otherwise **Covered Person** alleging a violation of criminal law. If there is no criminal finding, verdict, judgment, sentence, decision, outcome, or decree (including any form of deferred adjudication) that is legally adverse to the **Covered Person**, the Fund will, on request, reimburse the **Covered Person** for reasonable civil defense costs incurred. These reimbursable costs include legal fees based on contemporaneous rates paid by the Fund in defense of similar civil actions. If the Fund extends Professional Legal Liability Coverage to this **Covered Person** after the conclusion of any criminal action against them, all provisions of this Coverage Agreement apply, including the Fund's right to select counsel.

4.5 Consent to settle. The Fund has the right to settle any **Claim** except for a **Claim** against the Fund Member, which requires the consent of the Fund Member. If the Fund Member refuses their consent to the settlement recommended by the Fund, the Fund Member will be responsible for any further negotiations and defense of the **Claim**. The Fund's monetary liability will not exceed the amount that the **Claim** could have been settled for plus the **Claim Expense**, costs, and expenses incurred with the Fund's consent up to the date of the Fund Member's refusal to consent to any settlement recommended by the Fund, and minus any remaining deductible payable by the Fund Member. The Fund Member's failure to express consent to the settlement in writing within 30 days will be considered a refusal to consent by the Fund Member.

4.6 Fund-requested contribution. The Fund may request a monetary or non-pecuniary contribution that is not covered by the Coverage Agreement from a **Covered Person** to settle a **Claim**. A Fund-requested non-covered contribution to a settlement may be for any reason, including for damages, expenses, fees, costs, interest, or services demanded by a plaintiff. If the **Covered Person** refuses a Fund-requested contribution to the settlement offer, the **Covered Person** will be responsible for any further negotiations and defense of the **Claim**. The Fund's monetary liability will not exceed the amount that the **Claim** could have been settled for (excluding the **Covered Person's** contribution) plus the **Claim Expense**, costs, and expenses incurred with the Fund's consent up to the date of the **Covered Person's** refusal to consent to any contribution to a settlement recommended by the Fund, and minus any remaining deductible payable by the Fund Member. The **Covered Person's** failure to express consent to the contribution in writing within 30 days of the Fund's request will be considered a refusal to consent by that **Covered Person**.

5. PLL Exclusions. The Fund will not provide coverage under Professional Legal Liability for the following:

5.1 Other coverage. Any **Damages** or **Claim Expense** arising from a **Claim** for **Bodily Injury** (except for **Bodily Injury** arising from student discipline or punishment administered by a **Covered Person**), **Property Damage**, or **Personal Injury** when coverage exists under other liability coverage, or for any acts or omissions when coverage exists under any employee benefits liability coverage.

5.2 Profit or advantage. Any **Damages** or **Claim Expense** for a **Claim** against a **Covered Person** for a gain of any profit or advantage to which the **Covered Person** is not legally entitled.

- 5.3 Salaries or benefits.** Any **Damages** or **Claim Expense** arising out of or in connection with salaries, wages, or other employment-related benefits that the **Covered Person** is liable to pay any employee by operation of the Fair Labor Standards Act (except the Equal Pay Act) or similar state laws. Coverage extends to retaliation claims that arise under the Fair Labor Standards Act or similar state laws.
- 5.4 Compensation awards.** Any **Damages** that are considered compensation, wages, benefits, or related damages or obligations sought by, awarded to, or as a result of a settlement with an employee, officer, director, trustee, or board member of a Fund Member, including workers' compensation and disability benefits, social security benefits, employee benefits, and unemployment insurance, whether accrued or not.
- 5.5 Student discipline.** Any **Damages** arising out of the actual, alleged, or threatened infliction of student discipline or punishment with intent to cause injury, or the actual or alleged student discipline or punishment administered in violation of law or the Fund Member's policies, procedures, or regulations. However, this exclusion does not apply to a **Claim** or allegations arising from **Covered Persons'** vicarious liability for, or failure to exercise due care in, employing or supervising the person administering the student discipline or punishment.
- 5.6 IDEA matters.** Any **Damages** or **Claim Expense** arising from the Individuals with Disabilities Education Act, including compensatory services, awards, plaintiff attorney fees, legal defense costs, or other payment incurred by or rendered against any **Covered Persons**. This exclusion does not apply to IDEA post-administrative hearing **Claim Expense** or awards of post-administrative hearing plaintiff attorney fees, court costs, and investigative costs rendered by a United States district or appellate court against a **Covered Person**.
- 5.7 Shared services arrangements.** Any **Damages** or **Claim Expense** incurred as a component Fund Member of a Shared Services Arrangement, or to any **Damages** or **Claim Expense** incurred by a Shared Services Arrangement against a component Fund Member. Coverage extends to a third-party **Claim** against a component Fund Member of a Shared Service Arrangement for its obligations when this coverage would otherwise extend.
- 5.8 Joint Ventures.** Any **Damages** or **Claim Expense** arising out of any allegation of a **Wrongful Act** or omission, or a violation of any state or federal statute, constitution, administrative rule, or court order in the course and scope of a **Covered Person's** duties for or participation in a Joint Venture. A Joint Venture means a relationship in which a **Covered Person** and one or more persons, organizations, or legal entities combine their labor, property, or resources in an undertaking. The term Joint Venture includes any form of partnership or collaborative activity. Coverage only extends to a Fund Member participating in a Joint Venture composed exclusively of the Fund Member and other governmental entities or political subdivisions.

PART C
GENERAL LIABILITY COVERAGE (GL)—OCCURRENCE

- 6. General Liability Grant of Coverage.** The Fund will pay **Damages** arising out of an **Occurrence** that takes place during the **Participation Period** because of **Bodily Injury, Property Damage, or Personal Injury**.
- 7. GL Exclusions.** The Fund will not provide coverage under General Liability for the following:
- 7.1 Automobile or aircraft.** Any **Damages** or **Claim Expense** arising out of the ownership, maintenance, operation, use, loading, or unloading of any **Automobile** or aircraft. "Aircraft" will not include drones or Unmanned Aerial Vehicles.

- 7.2 Watercraft.** Any **Damages** or **Claim Expense** arising out of the ownership, maintenance, operation, use, loading, or unloading of any watercraft over twenty-six feet in length and owned or operated by or rented or loaned to any **Covered Persons**. This exclusion does not apply to watercraft while ashore on premises owned by, rented to, or controlled by the Fund Member.
- 7.3 Property custody.** Any **Damages** or **Claim Expense** arising out of **Property Damage** to property or **Automobiles** owned by, leased to, or in the care, custody, and control of a **Covered Person**.
- 7.4 Occupied premises.** Any **Damages** or **Claim Expense** arising out of **Property Damage** to premises owned by, rented to, leased to, occupied by, abandoned by, or left vacant by the Fund Member.
- 7.5 Service agreements.** Any **Damages** or **Claim Expense** for the loss of use of tangible property that is not physically injured or destroyed but results from:
- (A) a delay in or lack of performance of any contract or agreement by or on behalf of the Fund Member;
or
 - (B) the failure of the Fund Member's products or work performed by or on behalf of the Fund Member to meet the level of performance, quality, fitness, or durability warranted or represented by the Fund Member.
- 7.6 Member products.** Any **Damages** or **Claim Expense** arising out of the Fund Member's products or any part of such products, or **Damages** or **Claim Expense** arising out of work performed by or on behalf of the Fund Member from any portion of the work or out of materials, parts, or equipment furnished in connection with the work. This includes any **Damages** arising out of the withdrawal, inspection, repair, replacement, or loss of use of the Fund Member's products, work completed by or for the Fund Member, or any property of which such products are a part if such products, work, or property are withdrawn from the market or from use because of any known or suspected defect or deficiency.
- 7.7 Libel or slander.** Any **Damages** or **Claim Expense** arising out of an oral or written publication of material once it is established that the publication was done by or at the direction of a **Covered Person** with knowledge of its falsity, or its first publication took place before the beginning of the **Participation Period**.
- 7.8 Student discipline.** Any **Damages** or **Claim Expense** arising out of the administration of discipline or corporal punishment to a student.
- 7.9 Advertising.** Any **Damages** or **Claim Expense** arising out of the failure of a **Covered Person's** goods, products, or services to conform with advertised description, quality, price, or performance.
- 7.10 Civil rights.** Any **Damages** or **Claim Expense** for any alleged violation of constitutional or civil rights.
- 7.11 Mold.** Any **Damages** or **Claim Expense** arising out of the actual, alleged, or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any **Mold** on or within a building or structure, including its contents, regardless of whether any other cause, event, material, or product contributed concurrently with or in any sequence to such injury or damage. This includes the abating of, testing for, monitoring of, cleaning of, removing of, containing, treating for, detoxifying of, neutralizing of, remediating of, disposing of, or in any way responding to or assessing the effects of **Mold** by any Fund Member or by any other person or entity.

PART D
EMPLOYEE BENEFITS LIABILITY COVERAGE (EBL)—OCCURRENCE

- 8. Employee Benefits Liability Grant of Coverage.** The Fund will pay **Damages** arising out of an **Occurrence** committed in the Administration of the Fund Member’s Employee Benefits Program during the **Participation Period**.
- 9. EBL Defined Terms.** The following first-letter capitalized terms are defined and only applicable to the Employee Benefits Liability Coverage unless otherwise limited or excluded:
- (A) Employee Benefits Program means benefit programs of the following types:
 - (1) if no one other than Employees of the Fund Member may subscribe to the plans, then life, accident, or health group insurance plans or self-insurance plans administered by the Fund Member or others, as well as deferred compensation plans, individual retirement accounts, or tax-sheltered annuities; or
 - (2) plans for unemployment benefits, social security benefits, workers’ compensation benefits, or disability benefits, or any other similar plan.
 - (B) Administration means counseling Employees, including their dependents and beneficiaries, for the Employee Benefits Program, handling records in connection with the Employee Benefits Program, or effecting or terminating any Employee’s participation in a plan included in the Employee Benefits Program.
 - (C) Employee means employees of the Fund Member, whether actively employed, disabled, or retired.
- 10. EBL Exclusions.** The Fund will not provide coverage under the Employee Benefits Liability Coverage for the following:
- 10.1 Non-performance by others.** Any **Damages** or **Claim Expense** for any loss of benefits arising out of or based on the non-performance or breach of a contract by any broker, insurer, individual or group self-insurance, or third-party administrator of the Employee Benefits Program.
 - 10.2 Insolvency.** Any **Damages** or **Claim Expense** for any loss of benefits arising out of or based on an insufficiency of funds, insolvency, bankruptcy, receivership, or lack of funds to meet any obligation under any plan included in the Employee Benefits Program.
 - 10.3 Investment or advice.** Any **Damages** or **Claim Expense** arising out of or based on:
 - (A) the failure of any investment to perform as represented by any **Covered Persons**; or
 - (B) the advice given whether to participate in any plan included in the Employee Benefits Program.
 - 10.4 Compliance failure.** Any **Damages** or **Claim Expense** arising out of or based on the failure to comply with any law concerning workers’ compensation insurance, unemployment insurance, social security insurance, disability benefits insurance, or health care insurance, including the HIPAA or the Affordable Care Act.
 - 10.5 Civil rights violation.** Any **Damages** or **Claim Expense** for any alleged violation of constitutional or civil rights.

PART E
HIRED AND NON-OWNED VEHICLES LIABILITY COVERAGE (HNVL)—OCCURRENCE

- 11. Hired and Non-Owned Vehicles Liability Grant of Coverage.** The Fund will pay **Damages** arising out of an **Occurrence** for the use of any Hired Automobile or Non-owned Automobile operated by a **Covered Person** during the **Participation Period**. For this coverage to extend, the Fund Member may not own any **Automobile** or lease or rent any **Automobile** under a written agreement of longer than 14 days.
- 12. HNVL Non-CCS Limits.** The Fund’s limit of liability for **Damages** under Hired and Non-Owned Vehicles Liability is \$100,000 per person, not to exceed \$300,000 per **Occurrence**, for **Bodily Injury** and \$100,000 per **Occurrence** for **Property Damage**. The deductible amount is \$2,500 per **Occurrence**.
- 13. HNVL Defined Terms.** The following first-letter capitalized terms are defined and only applicable to the Hired and Non-Owned Vehicles Liability Coverage unless otherwise limited or excluded:
- (A) Hired Automobile means an **Automobile** not owned by the Fund Member rented by or loaned to the Fund Member under a written agreement for 14 days or less. A Hired Automobile may not include **Automobiles** owned by or registered in the name of any **Covered Person**.
- (B) Non-owned Automobile means an **Automobile** that is operated by a **Covered Person** that is neither owned by the Fund Member nor is a Hired Automobile.
- 14. HNVL Exclusions.** The Fund will not provide coverage under the Hired and Non-Owned Vehicles Liability Coverage for the following:
- 14.1 Self-propelled equipment or aircraft.** Any **Damages** or **Claim Expense** arising out of the maintenance, operation, use, loading, or unloading of self-propelled motor-driven equipment, aircraft, or any conveyance not given coverage under §§ 11–14.
- 14.2 Safety law violation.** Any **Damages** or **Claim Expense** arising out of the ownership, maintenance, operation, use, loading, or unloading of any **Automobile** in violation of any state or federal law or regulation specifically addressing safety in the transportation of students.
- 14.3 General law violation.** Any loss, **Damages**, or **Claim Expense** arising out of a **Covered Person** operating any **Automobile** in a manner or under a condition that is legally prohibited.
- 14.4 Unauthorized use.** Any **Damages** or **Claim Expense** arising out of the use of any Hired or Non-owned Automobile for purposes or functions not authorized or sponsored by the Fund Member.
- 14.5 Extended use.** Any **Damages** or **Claim Expense** arising out of the operation, use, loading, or unloading of any **Automobile** leased, rented, or borrowed by the Fund Member for more than 14 days.
- 14.6 Other auto coverage.** Any **Damages** or **Claim Expense** arising out of the maintenance, operation, use, loading, or unloading of any **Automobile** covered by any other automobile liability coverage or insurance.

PART F
SCHOOL LIABILITY COVERAGE
General Provisions, Limits, Exclusions, Duties and Conditions

- 15. General Provisions.** §§ 16–23 of this Coverage Agreement describe the general provisions, limits, exclusions, conditions, terms and other requirements that apply to all coverages in this Coverage Agreement, unless the context requires otherwise, and are in addition to the provisions described above.



16. Related Acts. The following provisions apply to related acts:

16.1 PLL related acts. The same **Wrongful Act**, or an interrelated series of **Wrongful Acts**, or a series of similar or related **Wrongful Acts**, any by one **Covered Person** or by **Covered Persons**, will be considered a single **Wrongful Act** (and subject to its limit of liability) and to have commenced at the time of the earliest **Wrongful Act**. This provision will be without consideration of circumstantial factors, including the frequency, repetition, locations, type, or the number of acts, **Claims**, suits, or **Participation Periods**, or whether the same or a different victim, claimant, **Covered Person**, individual, perpetrator, cause of action, type of **Damage**, or any combination of factors is involved. All **Damages** from related acts are within the original limit of liability of the earliest **Wrongful Act** or **Claim**. This provision intends to disallow the accumulation of limits for related acts for any reason. But this provision will not be read to unreasonably connect disassociated **Claims**.

16.2 GL, EBL, and HNVL related acts. The same **Occurrence**, or an interrelated series of **Occurrences**, or a series of similar or related **Occurrences** will be considered a single **Occurrence** (and subject to its limit of liability) and to have commenced at the time of the earliest **Occurrence**. This provision will be without consideration of circumstantial factors, including the frequency, repetition, locations, type, or the number of acts, claims, suits, or **Participation Periods**, or whether the same or a different victim, claimant, individual, perpetrator, cause of action, type of **Damage** or loss, or any combination of factors is involved. All **Damages** from related acts are within the original limit of liability of the earliest **Occurrence**. This provision intends to disallow the accumulation of limits for related acts for any reason. But this provision will not be read to unreasonably connect disassociated **Occurrences**.

17. Limits of Liability. The following provisions apply to all limits of liability:

17.1 Limits. The Fund will pay for **Damages** above the deductible amount and within the limit of liability stated in the CCS or the Coverage Agreement. The limit of liability stated is the maximum amount the Fund will pay for **Damages** for a single **Claim** or **Occurrence**, regardless of any purchased extended reporting period, or the number of related acts, **Wrongful Acts**, **Claims**, **Occurrences**, other types of claim, losses, **Covered Persons**, claimants, suits, or types of **Damages**. The amount of **Claim Expense** will not reduce any limit of liability. When the limit of liability is exhausted through payment or tendering of **Damages**, the Fund has no further liability or obligation to any **Covered Person** to pay further **Damages**, defend any suit, or pay any **Claim Expense** or other expense or cost. The limit of liability in the original **Participation Period** does not increase with the purchase of an extended reporting period.

17.2 Multiple Fund Members. If more than one Fund Member (or their **Covered Persons**) has the same or a related **Claim**, **Occurrence**, **Wrongful Act**, other types of claim, or loss, the single highest applicable limit of liability stated in any CCS will be the maximum total amount the Fund will pay regardless of any other circumstance. The maximum limit of liability for each Fund Member will become the proportionate limit that each Fund Member's maximum applicable limit bears on the total of maximum applicable limits for all affected Fund Members. This provision intends to disallow the accumulation of limits among Fund Members for any reason.

17.3 Sublimits. The sublimits and supplemental coverages are within the overall limits of liability stated in the CCS unless otherwise indicated.

17.4 No accumulation of limits. There will be no accumulation of coverages or coverage limits arising out of a single **Claim**, **Occurrence**, **Wrongful Act**, other types of claim, or loss. If a claim asserts an allegation that may be covered under more than one liability coverage of this Coverage Agreement, only one liability

coverage will apply to the claim, and the Fund will make this determination. The maximum amount paid by the Fund relating to this claim will be the maximum limits applicable to the liability coverage applied to this claim by the Fund regardless of the allegations.

17.5 Maximum annual aggregate limit. For Professional Legal Liability only, the maximum annual aggregate limit stated in the CCS is the maximum amount the Fund will pay for **Damages** arising from all **Claims** reported in the **Participation Period** and any purchased extended reporting period regardless of the number of **Wrongful Acts, Claims**, other types of claims, losses, **Covered Persons**, claimants, suits, types of **Damages**, or related acts. If payment for **Damages** reaches the maximum annual aggregate limit, the Fund will have no further liability or obligation to any **Covered Person** to pay further **Damages**, defend any suit, or pay any **Claim Expense** or other expense or cost. The maximum annual aggregate limit in the original **Participation Period** does not increase with the purchase of an extended reporting period.

18. Deductibles. The following provisions apply to deductibles:

18.1 Single deductible. Only one deductible will apply for each **Claim** or **Occurrence**. The Fund Member will, on notice from the Fund, pay the deductible amount stated in the CCS. The deductible applies to judgments, settlements, and **Claim Expense**, regardless of the disposition of the claim.

18.2 Proportionate deductible. If more than one Fund Member has the same or related **Claim, Occurrence, Wrongful Act**, other types of claim, or loss, the total deductible amount applied to the claim for all Fund Members will be equal to the largest deductible of any single Fund Member. Each Fund Member will pay a proportionate percentage of the applied deductible based on the relative size of their deductible.

19. General Exclusions. The Fund will not provide coverage for the following:

19.1 Intentional acts. Any **Damages** or **Claim Expense** for any **Covered Person** once it has been established by admission or adjudication that the **Covered Person** intentionally engaged in or committed unlawful, dishonest, fraudulent, criminal, or malicious acts; or intentional acts, errors, or omissions; or acts involving deliberate indifference; or acts involving violations of constitutional or civil rights.

19.2 Violation of law. Any **Damages** or **Claim Expense** for any **Covered Person** once it has been established by admission or adjudication that the **Covered Person** violated or intentionally disregarded any law, regulation, common law, or any school policy, directive, or procedure, if this act was committed by, or with the consent of, a **Covered Person**.

19.3 Criminal charges. Any **Damages** or **Claim Expense** for any **Covered Person** once a filing or obtaining of a criminal charge, information, or indictment against the **Covered Person** has occurred. The Fund is entitled to rely on extrinsic evidence to determine whether coverage applies under these circumstances.

19.4 Government action, nuclear event, or hostile act. Any **Damages** or **Claim Expense** arising out of:

(A) the use, seizure, or destruction of property by order of a governmental authority;

(B) nuclear reaction or radiation, or radioactive contamination, regardless of cause;

(C) war, undeclared or civil war, warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or

(D) insurrection, rebellion, revolution, usurped power, or action taken by a governmental authority in hindering or defending against any of these events.



19.5 Terrorism. Any **Damages** or **Claim Expense** arising out of any acts of terrorism or actions taken by any government branch or agency in response. This exclusion applies whether or not any acts of terrorism are committed in concert with or on behalf of any organization or government.

19.6 Alcoholic beverages. Any **Damages** or **Claim Expense** for which the **Covered Person** or their indemnitee may be held liable for the following:

- (A) as a person or organization specifically engaged in the business of manufacturing, distributing, selling, or serving alcoholic beverages; or
- (B) if not engaged, as an owner or lessor of premises used for these purposes, if this liability is imposed:
 - (1) for violation of any statute, ordinance, or regulation related to the sale, gift, distribution, or use of any alcoholic beverage; or
 - (2) for selling, serving, or giving any alcoholic beverage to a minor or a person under the influence of alcohol, or for contributing to any person's intoxication.

19.7 Pollutant discharge. Any **Damages** or **Claim Expense** arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape (collectively, Discharge) of a Pollutant. A Pollutant means any solid, liquid, gaseous, or thermal irritant or contaminant, including petroleum products, asbestos, smoke, vapor, lead, soot, fumes, acids, alkalis, electromagnetic radiation, Mold, chemicals, and Waste. Waste includes materials to be recycled, reconditioned, or reclaimed. This exclusion includes any Pollutant at and Discharge from:

- (A) any premises, site, or location that is or was at any time owned, occupied, rented, or loaned by or to the Fund Member;
- (B) any premises, site, or location that is or was at any time used by or for the Fund Member or others for the handling, storage, disposal, processing, or treatment of Waste; or
- (C) any premises, site, or location on which the **Covered Person** or any contractors or subcontractor working directly or indirectly on behalf of the **Covered Person** are performing operations if the Pollutants are brought on or to the premises, site, or location in connection with such operations, or if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of Pollutants; and
- (D) Additionally, that this coverage excludes Pollutants (and any resulting discharge) that were transported, handled, stored, treated, disposed of, or processed as Waste by or for the Fund Member or any person or organization for whom the Fund Member may be legally responsible.

19.8 Pollutant removal. Any **Damages**, **Claim Expense** or cost arising out of any request, demand, order, suit, or **Claim** by any party that the Fund Member or others test for, monitor, clean up, remove, contain, treat, detoxify, abate, mitigate, or neutralize, or in any way respond to or assess the effects of Pollutants.

19.9 Benefits laws. Any **Damages**, **Claim Expense** or any other obligation for which any **Covered Persons** or their insurer may be held liable under any workers' compensation, unemployment compensation, or disability benefits law, or under any health care coverage (including HIPAA or the Affordable Healthcare Act), or under any similar law.

19.10 Employee injury. Any **Damages** for **Bodily Injury** to any employee of the Fund Member arising out of and in the course and scope of his or her employment by the Fund Member or to any obligation of the Fund Member to indemnify another because of **Damages** arising out of this injury.

19.11 Real property rights. Any **Damages** or **Claim Expense** arising out of inverse condemnation, adverse possession, dedication by adverse use, or property easement rights.

19.12 Failure to maintain insurance. Any **Damages** or **Claim Expense** arising out of any failure or omission on the part of any **Covered Persons** to effect and maintain any form of insurance or agreement of coverage, or any negligent act, error, omission, or breach of duty in judgment or discretion in procuring or maintaining insurance or concerning the amount, form, conditions, or provisions of insurance or agreement of coverage. The term insurance includes workers' compensation coverage under Chapter 504, Texas Labor Code, and health care coverage under Chapter 172 of the Texas Local Government Code.

19.13 Breach of contract. Any **Damages** or **Claim Expense** arising out of an assumption of liability in a contract or agreement, arising out of a breach of contract or agreement (including any unwritten or implied agreement, or quantum meruit claim), or arising out of a claim sounding in tort that is based directly or indirectly on a contractual obligation. This exclusion does not apply to liability that the **Covered Persons** would have in the absence of a contract or agreement, nor does it apply to misappropriation of advertising ideas under an implied but not written contract. This exclusion does not apply to **Claim Expense** defending a claim by an employee against the Fund Member for breach of that employee's employment contract. This exclusion does, however, apply to any **Damages** awarded for an employment contract claim.

19.14 Students. Any **Damages** or **Claim Expense** for any student of the Fund Member unless the student is otherwise a **Covered Person**.

19.15 ERISA. Any **Damages** or **Claim Expense** arising out of the Fund Member's participation in an agreement established or maintained under the Employee Retirement Income Security Act of 1974 as amended.

19.16 Financing or investments. Any **Damages** or **Claim Expense** arising out of any debt security financing or the investment of public funds, including the failure of investments to perform as represented.

19.17 Taxes. Any **Damages** or **Claim Expense** arising out of or in any manner related to any specific property owner's tax assessment, appraisal, dispute, or adjustment; or any tax collection, seizure, refund, disbursement, or application of any taxes, or the Fund Member's failure to anticipate tax revenue shortfalls.

20. Other Insurance or Coverage. The following provisions apply to the availability of other coverage, including insurance:

20.1 Multiple lines. If a claim is covered under more than one line of coverage offered by the Fund, the Fund will determine which coverage, limit, and deductible apply. This provision intends that there will be no accumulation or stacking of coverage.

20.2 Excess coverage. This coverage is excess over any other coverage that applies to a claim or loss whether the other coverage applies on a primary, excess, or contingent coverage basis. If all coverages apply on an excess basis, the Fund will not pay for a greater proportion of the claim or loss than that stated in the applicable contribution provision below:

(A) **Contribution by equal shares.** If all other coverage provides for contribution by equal shares, the Fund will not pay for a greater proportion than its equal share until the share of the other coverage or the Fund Member's limits equals the lowest applicable limit of liability under any of the

coverage, or the full amount of the loss is paid. Any remaining amount of the claim or loss will be paid by any remaining Fund Member's limit of liability, until exhaustion, by continuing to contribute equal shares to the remaining amount of the claim or loss.

- (B) **Contribution by limits.** If the remaining coverage does not provide for contribution by equal shares to the loss, the Fund will pay the Fund Member's applicable limit of liability in proportion to the total limits of liability of all other coverage.

21. Duties of a Covered Person. In the event of a **Claim, Occurrence, Wrongful Act**, other types of claim, or loss, the **Covered Person** must:

21.1 Notice. Give notice to the Fund as soon as practicable from the **Covered Person's** first knowledge. This notice must include the date and circumstances of the loss, **Occurrence**, claim, or **Wrongful Act**.

21.2 Copies. Provide the Fund with copies and date of any demands, notices, summonses, or legal papers received, and authorize the Fund to obtain records and other related information. There is no coverage if the failure to provide notice prejudices the Fund's defense.

21.3 Cooperation. Cooperate with the Fund and assist as reasonably necessary, including assistance in the investigation, valuation, defense, and settlement of claims and suits, and in enforcing any right of contribution, indemnity, or subrogation against any person or organization.

21.4 Waiver. Not waive any rights of recovery of any party.

22. Conditions of Coverage. The following conditions apply to this Coverage Agreement:

22.1 Compliance. A denial of a claim or loss of coverage may occur if the **Covered Person** fails to comply with any of the provisions of this Coverage Agreement, misrepresents of any material fact, engages in fraudulent acts, makes false statements, or fails to comply with reasonable Fund requests.

22.2 Condition precedent for reporting. Under Professional Legal Liability Coverage, it is a condition precedent to coverage that the **Covered Person** reports a **Claim** to the Fund as indicated under that coverage.

22.3 Agent. The Fund Member will act for all **Covered Persons** concerning the giving and receiving of notice of any claim.

22.4 Consent of the Fund. A **Covered Person** may not admit liability or settle any claim without the written consent of the Fund. Additionally, a **Covered Person** may not incur any expense payment or obligation without the Fund's written consent, except at the **Covered Person's** own cost.

PART G
MISCELLANEOUS TERMS

23. Miscellaneous Terms. The following miscellaneous terms apply:

23.1 Assignments. Any assignment by the Fund Member under this Coverage Agreement will not bind the Fund.

23.2 Insolvency. In the event of the Fund Member's insolvency, the Fund will not be relieved of the payment for any claim under this Coverage Agreement.

- 23.3 Action against the Fund.** The Fund Member may not act against the Fund unless, as a condition precedent, the Fund Member has fully complied with all provisions of the Agreements. No person has a right under this Coverage Agreement to join the Fund as a party or otherwise bring it into a suit filed against the Fund Member.
- 23.4 “Including.”** Unless the context requires otherwise, the term “including,” and its variants, mean “including but not limited to.”
- 23.5 Singular usage.** Unless the context requires otherwise, any use of the singular form of a word will include its plural.
- 23.6 “Coverage Agreement.”** Unless the context requires otherwise, any use of the term “Coverage Agreement” will include its endorsements and the Fund Member’s CCS.
- 23.7 Fund designee.** Unless the context requires otherwise, any use of the term “Fund” includes its designees.
- 23.8 Severability.** If a court for any reason holds a provision of this Coverage Agreement unenforceable, the rest remains fully enforceable.
- 23.9 Headings.** Unless the context requires otherwise, such as with the defined terms, headings are only for convenience and do not affect the interpretation of this Coverage Agreement.