

# Reviewing and Updating Your Pool's Coverage Forms

## Questions to Consider

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If your pool is considering updating its coverage forms there are important precursor, process-oriented questions that should guide the process. These questions will help a pool effectively tackle the potentially daunting and tedious task of comprehensively reviewing coverage forms, making needed improvements, and implementing changes.

### *Who should be involved in coverage document review?*

You will likely include pool management, underwriting, and claims in an initial coverage review conversation. Many pools find value in involving a wide array of staff resources to review coverage options, including risk management and member services, finance, or others. Reinsurers and coverage counsel can have important input, although their review might be better engaged after preliminary internal work.

Depending on your pool, you might consider options to solicit member input into possible coverage changes. In some states, review or input from the Department of Insurance or other regulatory bodies may be advisable. Finally, Board members will likely be engaged at least for approval of changes, if not before.

Pools should develop a specific plan for who should be involved (or is required to be involved), what kind of input each person will have, and at what stage the input should be solicited. Staging review and input is important to assure all possibilities are considered and all concerns are adequately addressed.

### *How will the process work and how much time might it take?*

Pools should expect a thorough coverage review process to take at least 12 months, and it could take even longer. Planning ahead for reinsurer conversations, with appropriate time allocation for their comprehensive review, is important – getting reinsurer involvement early on is usually a good idea to identify any possible red flags.

If you have a more regular schedule of coverage review in your pool, for instance an annual process of making updates and minor language changes, you might be able to shorten the standard review process to a couple months of meetings and writing work. But, you should still plan to engage a more comprehensive review schedule every five to ten years.

### *When should a review be conducted?*

Some pools regularly review coverage language – every year, or every few years. Others might only undertake a comprehensive review when there's a known issue, upon changes in reinsurer relationships, or when other organizational shifts occur.

Common reasons to review coverage documents include that several years without review have passed, shifting competition, expanding membership classes/types of entities, and membership expanding the scope of their operations. Any factors with potential to create new exposures or coverage needs might be a trigger for review.

### *What other resources are available?*

There are national coverage form experts and resources available such as IRMI, ISO, and National Underwriter. When consulting these resources, pay particular attention to what changes have been made in recent years and why. These are good indicators for coverage issues to review in your own forms.

Claims and underwriting experience, both in-house and among pooling colleagues, may provide insight into how to avoid unintended coverage and confusing language for adjustment of claims. Pools are encouraged to consult with peers and colleagues as a method to share stories, examine pros and cons of suggested language changes, or uncover other coverage issues of note.

Finally, it would certainly be useful to compare coverage (as much as possible) with any direct competitors in your market space.

### *What are important factors related to style and content?*

These could include what you put where (e.g., definitions), whether you separate out certain coverages (e.g., EPL separate from POL?), and how you handle endorsements. You may consider how your coverage compares to your market competition and the inclusion of pool-oriented language. Be sure to adhere to consistent language, terminology and references throughout.

### *Once we have completed our review and revision process, how do we roll it out to members?*

Prior to rolling out the document, ensure it is reviewed and approved by the Department of Insurance (DOI) if applicable. Once finalized, be sure to have a solid member communications and education plan as well as training for agents, marketers, and adjusters. In both member communications and trainings, highlight any changes in coverage and whether claims might be handled differently as a result of the changes.

Determine whether you will distribute hard and/or soft copies of the documents to members, taking into consideration whether there are DOI requirements related to the distribution of documents. Consider whether you post the documents in a secure area of the pool's website.

### *What are common missteps in the coverage review process?*

Copying language from somewhere else without thoroughly vetting it against your entire coverage document and inconsistent use of terminology are common problem areas – and can certainly create coverage problems down the road. Be sure to monitor closely for both possible concerns throughout the revision process.

### *What are common hot button issues?*

Coverage language that has proven particularly problematic in coverage forms and updates include:

- Pollution wording
- Silica
- ERISA
- FLSA
- No known injury or damages
- Drones – anytime, everywhere? Who are the operators?
- Auto – coverage for employee – UM/UIM
- Sex Abuse – per victim or per perpetrators? Date of 1<sup>st</sup> touch?
- Stacking of limits across: policy years or coverage parts
- Asbestos
- EMFs
- Fiduciary
- Cyber
- LEL – use of force, hot pursuits
- Mobile Equipment
- Lead
- Mold