



UPDATE

June 2015

Liability and Automobile Coverage Changes

The NDIRF has filed an amended version of both the Liability Memorandum of Coverage and the Automobile Memorandum of Coverage, effective August 1, 2015. The driving force behind the amendments was the change to NDCC 32-12.1-03(2), which increased the political subdivision tort cap to \$250,000 per person and \$1,000,000 for any number of claims arising out of a single occurrence.

If an NDIRF member has a limit lower than \$1,000,000 per occurrence, the member's coverage will be automatically increased upon their next renewal. The standard NDIRF increased limit factor will apply. After the 8/1/15 effective date of the NDCC 32-12.1-03(2) change and prior to the member's next renewal, the NDIRF will provide coverage up to the increased tort cap without an additional contribution. A separate mailing will be sent to all members with limits lower than \$1,000,000 per occurrence. The mailing will inform our members of the change and how it will impact their policy. Members with limits at or above the new tort cap will not receive a mailing nor will their coverage be affected outside of the adjustments made to our memorandums.

In addition to our Memorandums reflecting the updated tort cap language, we have also included the remaining wording from NDCC 32-12.1-03(2) to further clarify our stance of not providing coverage for punitive or exemplary damages. On that note, we have also included "except punitive or exemplary damages" in the COVERAGE section of both the Liability and Automobile Memorandums.

The Liability Memorandum has also been amended throughout the form to consistently communicate the NDIRF stance of using our sole discretion when deciding whether or not coverage will be provided for "defense costs" incurred by our member prior to the member notifying the NDIRF of a claim, occurrence, or suit. Therefore, it is imperative that you communicate with our members about the importance of notifying the NDIRF as soon as possible of a claim, occurrence, or suit.

One other major change to note, we have amended the OWNED AUTOS YOU ACQUIRE AFTER THE MEMORANDUM BEGINS section when symbol 4 is selected in order to align our form with our coverage intent and the industry standard. The two major adjustments were the reduction in the automatic coverage timeframe to 30 days and the application of the largest deductible on the Auto Schedule in the event coverage is provided under this section. To avoid relying on coverage from this section, please encourage our members to send you vehicle changes as soon as possible.

There were a handful of other changes to both forms and we would encourage you to review the attached forms to familiarize yourself with the adjustments. The changes are highlighted. If you have questions regarding these changes, please don't hesitate to contact the NDIRF Risk Services Manager, Brennan Quintus, at 701-224-1988 by phone or at Brennan.Quintus@NDIRF.com by email.