



No-Fault Water and/or Sewer Back-Up Coverage

Time is of the essence in the clean up of water and/or sewer back-ups. The cost of a loss can go from \$3,500 to \$150,000 in a matter of days. Although districts understand the urgency to assist a frazzled homeowner in the messy clean-up process, no-fault water and/or sewer, back-up losses are not the district's responsibility unless they are legally liable under the Colorado Tort statute.

A rider can be endorsed onto a homeowner's insurance policy to specifically provide Water and/or Sewer Back-Up Coverage. The problem is, only limited, higher end insurance companies offer this coverage, making it not universally available. In addition, even if you do have the coverage, once used it is dropped from the homeowner's policy.

As a result, Districts were hesitant to initiate clean-up for fear that they would be responsible for the cost since it was not necessarily under their Liability coverage. The Pool Board wanted to alleviate this hesitancy by enhancing the Pool's Coverage Form to include No-Fault Water and/or Sewer Back-Up Coverage, as a "good will" measure, to expedite the clean-up process.

No-Fault Coverage has been a topic of discussion at the Pool's Annual Membership Meeting many times over. Ultimately, in response to Member requests, the Pool Board of Directors reviewed their options and selected a conservative risk position extending limited coverage.

The Colorado Special Districts Property and Liability Pool successfully implemented No-Fault Water and/or Sewer Back-up Coverage in 2001, increasing limits nearly every year since. 2009 was no exception with:

- a \$7,500 limit per occurrence and a \$30,000 annual aggregate per entity
- an optional \$5,000 deductible for Districts wishing to limit their participation in the program and reduce their contribution
- an option for Districts to "Opt Out" entirely, and pay only if legally liable
- payments subject to a \$500 deductible

To Report a Claim:

- Report promptly to the Pool.
- All claims must be reported to County Technical Services, Inc. (CTSI) in writing.
- Do not voluntarily make a payment, admit fault, or assume any obligation.
- CTSI will perform a complete investigation and determine any liability.

This coverage is not intended to solve every issue. The CSD Pool has avoided legal challenges on several questionable negligence claims, and has been able to respond with clean up regardless of fault, which has proven to minimize damages to the public you serve. We have been and will continue to increase limits to grow and expand this coverage as our reserves attributable to this program develop.