

Notification of Coverage Change Effective September 1, 2025

The Texas Legislature recently enacted HB 4623, creating Texas Civil Practice and Remedies Code Chapter 118, effective September 1, 2025, regarding a school district's negligent employment of those who commit or have committed sexual misconduct or fail to report abuse or neglect. The new law applies only to independent school districts and open-enrollment charter schools. In response, the TASB Risk Management Fund (Fund) will implement the following coverage changes under the School Liability Coverage Agreement, effective September 1, 2025, **for all members receiving this notice**. This document is a summary of changes only; please carefully review the full text of the Fund's School Liability Coverage Agreement, the new Chapter 118 Endorsement, and the applicable Contribution and Coverage Summary (CCS).

The School Liability Coverage Agreement will be endorsed to provide limited coverage for claims arising under the new Chapter 118. A summary of the "Chapter 118 Endorsement," which modifies the terms of the School Liability Coverage Agreement, follows. For this notification, "state court Chapter 118 **Claims**" means those claims that are filed and adjudicated in, or remanded to, the state courts of Texas.

School Liability Coverage Agreement – Chapter 118 Endorsement

- Under Part A, § 3.3, the defined term **Claim Expense** is revised to limit **Claim Expense** for state court Chapter 118 **Claims** to within the limits of liability.
- Under Part A, § 3.7, the defined term **Wrongful Act** is revised to ensure Chapter 118 **Claims** are included.
- Under Part B, § 5.1 **Other coverage**, add another exception to include coverage for Chapter 118 **Claims**.
- Under Part C, add a new GL exclusion, § 7.12 **Chapter 118**, so that coverage for Chapter 118 claims will fall under PLL coverage.
- Under Part F, § 17.1 **Limits**, revised to limit state court Chapter 118 **Claims** to a maximum of \$1 million liability limits, including paid or incurred **Claim Expense**.
- Under Part F, § 17.5 **Maximum annual aggregate limit**, revised to limit the annual aggregate liability limit for state court Chapter 118 **Claims** to a maximum of \$1 million that is included within, and not separate from, the maximum annual aggregate liability limit stated in the CCS for all PLL **Claims**. This limit includes paid or incurred **Claim Expense**.
- Under Part F, § 19.1 **Intentional acts**, revised to add that Chapter 118 liability (including gross negligence, recklessness, conscious indifference, or intentional misconduct in employment), once admitted by or adjudicated against the district, is excluded from coverage.