



Sent Via Email, December 10, 2018

To: Property Program Members and County Counsels
From: Gina Dean, Chief Operating Officer
Subject: Committee Action Regarding Property Program MOU Amendment

One of the strengths of the EIA is the involvement of the members. It is that involvement and collaboration that leads us to the best outcomes. This kind of involvement and collaboration took place recently with input regarding proposed amendments to the Property Program MOU to address vacant buildings.

In September, proposed amendments to the MOU were circulated for review and comment. Based on feedback received during that time, the Property Committee determined NOT to amend the MOU. Instead, they will be adopting a policy (likely later this month) to address vacant buildings that have either experienced a loss or experience one in the future. The policy will be distributed to the members upon adoption by the Committee. The goal of the policy is to manage vacant building losses on their individual merits. By adopting a policy, the Committee is looking to accomplish the following:

- Manage vacant building losses on their individual merits;
- Require an evaluation for the specific locations where there have been losses in the past 10 years to determine to what protective safeguards have been implemented to date to prevent and/or mitigate future losses;
- Allow the Property Committee to retain control to address issues based upon the circumstances of the loss and the extent that protective safeguards had been implemented (pursuant to the Mandatory Vacant Building Best Practices <<https://www.csac-eia.org/services/risk-control/toolbox/best-practices-library/miscellaneous/vacant-building-best-practices/>>); and
- Establish a process for the Property Committee to evaluate whether coverage for a vacant building that has had a loss will be modified going forward. Modifications could include a higher deductible for future losses, recovery on an Actual Cash Value (ACV) basis only, or in extreme cases, the location could be excluded from coverage. However, these types of coverage modifications will be made on a go-forward basis and will be documented via endorsement to the Memorandum of Coverage.

We believe that moving in this direction is a positive step for the Program as well as the members, especially for those that provided feedback into these issues over the past few months.

We will distribute the Committee's policy to the members upon adoption. Please let me know if you have any questions in the meantime.