Texas Council
Risk Management Fund

PROPERTY COVERAGE REMINDERS: ROOF CONDITION/AGE & VACANT BUILDINGS

Strong property protection depends on strong stewardship of shared risk. Two exposures consistently drive higher-frequency and higher-severity property losses for public entities: aging roofs and buildings left vacant for extended periods. This article is a reminder of TCRMF's property coverage approach for these exposures – what triggers changes in how losses are settled, how coverage steps down over time, and what members can do now to avoid surprises when property damage occurs.

The overall theme is straightforward: as risk increases due to roof condition/age or prolonged vacancy, coverage steps down. These provisions are not meant to penalize members. They are designed to align coverage with risk, encourage timely corrective action, and help protect the pooled resources that support all TCRMF members.

1) Roof Coverage: When Replacement Cost Shifts to Actual Cash Value (ACV)

Roofs are one of the most common sources of property claims because they are continuously exposed to weather, temperature swings, wind events, hail, and gradual wear. When a roof is already deteriorated, or beyond its expected service life, the likelihood of a significant loss increases, and the cost of repairs can escalate quickly. For that reason, TCRMF's property coverage includes circumstances where roof-related claims are adjusted on an Actual Cash Value (ACV) basis rather than Replacement Cost (RC).

What does that mean in practical terms?

- RC generally reflects the amount needed to repair or replace damaged property with like kind and quality (subject to coverage terms).
- ACV reflects replacement cost minus depreciation, which accounts for age and condition.

In other words, if a roof is past its useful age or deemed to be in "poor" condition, the claim settlement will reflect a reduced value.

"Useful Age" Criteria by Roof Type

Because roof systems perform differently depending on materials and construction, the useful-age thresholds vary by roof type. Under TCRMF's approach, roof-related claim settlement shifts to ACV when the roof exceeds these age thresholds:

- Composite roofs: older than 15 years
- Flat roofs: older than 25 years

These thresholds support consistency across the membership and create clear planning targets for long-term capital needs.

Poor-Condition Roofs

Age is not the only factor; condition matters, too. Roofs that are classified as “poor” (or “failing,” where applicable) present heightened exposure and often signal a greater probability of loss. Under TCRMF’s approach, when a member is notified that a roof is classified as poor/failing, roof-related losses move from RC to ACV.

This approach is intended to provide a reasonable window to plan, budget, and schedule repairs or replacement—while also limiting prolonged exposure tied to known, uncorrected conditions.

Restoring Stronger Coverage

The intent is not permanent reduction. RC treatment can be reinstated once the roof is repaired or replaced to an acceptable condition, consistent with TCRMF standards. The most effective actions members can take are:

- maintain records of repairs and inspections, and
- build a clear plan and timeline to correct roofs that are nearing or exceeding the age thresholds noted above.

2) Vacant Buildings: ACV After 120 Days, Then No Coverage After One Full Fund Year

Vacant buildings create a different kind of elevated risk. When a facility is unoccupied, small issues can become major losses—particularly when water intrusion, HVAC failures, vandalism, or break-ins go undetected for weeks. Vacancy also increases exposure to theft and damage because there is less day-to-day oversight and fewer “eyes on the building.”

To better align coverage with that increased risk, TCRMF applies a stepped approach for vacant buildings:

How coverage changes over time

- After 120 days of vacancy: coverage shifts from RC to ACV.
- After the current Fund year of initial vacancy plus one full Fund year: coverage transitions to no coverage for the vacant building.

This phased approach is meant to encourage timely decision-making and reduce long-term exposure tied to properties that are not in active service. It also helps members avoid surprises by creating clear milestones: Day 120 and the one full Fund year mark.

Additional vacancy considerations

When a building has been vacant beyond the vacancy threshold, certain causes of loss may be limited or excluded, and claim payments for some covered perils may be reduced. Because vacancy provisions can be technical and fact-specific, the best practice is to raise your hand early, especially if a property may approach 120 days vacant or remain vacant longer-term.

What Members Should Do Now (Practical Steps to Stay Ahead of the Step-Downs)

For Roofs

Start with a simple inventory of each scheduled building:

- roof type and approximate installation date (or last replacement date),
- known leak history and repairs,
- visible deterioration, prior storm impacts, and inspection findings.

Pay special attention to roofs nearing the useful-age thresholds (composite 15+, flat 25+). If replacement cannot happen immediately, interim controls and documentation matter:

- contractor assessments,
- repair invoices,
- inspection notes and photos,
- a written plan/timeline for correction.

Proactive planning is budget-friendly: emergency replacements tend to cost more, take longer to schedule, and can lead to operational disruptions.

For Vacant Buildings

Vacancy management is all about timelines and controls.

- Track the vacancy start date and keep a simple log.
- Establish a documented inspection routine early, well before Day 120.
- Implement key risk controls: secure doors/windows, lighting, controlled access, and utilities management.
- Make an early “end-state” decision: reoccupy, repurpose, lease, sell, or demolish.

The earlier the plan is clear, the easier it is to stay ahead of the ACV transition and the one full Fund year coverage limit.

Quick Clarifications

Can a roof return to Replacement Cost treatment?

Yes. Once repaired or replaced to an acceptable condition, members can work with TCRMF to reinstate stronger coverage treatment consistent with Fund criteria.

What if a building is only partially used?

If there is any question about whether a property meets the definition of “vacant,” contact the TCRMF underwriting team early. Classification is easiest to manage when addressed upfront.

How Risk Control Can Help

If you are unsure whether a roof or vacant building may be impacted, or need assistance building a practical plan, please contact your Risk Control consultant or Jeremy Wade (jeremy.wade@sedgwick.com).

Bottom Line

These updates are intended to support long-term stability for all members while encouraging proactive maintenance and property planning. By tracking roof condition and age, budgeting for timely repairs or replacement, and actively managing vacant buildings with routine inspections and clear next steps, members can reduce loss potential and avoid coverage surprises.