

**UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM**

SECTION: General Administration

NUMBER: 01.C.02

AREA: Risk Management

SUBJECT: Allocation of Insurance Premium and Claim Reimbursements

1. PURPOSE

1.1. The University of Houston System has determined that the most cost effective means of obtaining insurance is through negotiation and purchase on a system-wide basis for all components. This Administrative Memorandum describes the process of allocation of costs and reimbursements to all components.

2. POLICY

2.1. Insurance Premium Cost Allocation – The University of Houston System will purchase insurance on a system-wide basis for all components. Premiums will be paid directly by a component university or department when the properly signed authorization form is on file with the System Environmental Health and Risk Management Department. Allocation of costs to each component or department will be based on the schedules of insurance values kept on file with the University of Houston System Director, Environmental Health and Risk Management. Each component or department will be billed and is responsible for payment. Each component may allocate premiums to appropriate departments. The premiums for the following coverages will be billed directly to the component:

- Auto
- Boiler and Machinery
- Broadcaster/Publishers Liability
- Business Travel
- Crime
- Directors and Officers Liability
- Fine Arts
- Intercollegiate Sports
- Medical Accident
- Owners, Landlords, and Tenants Liability Coverage
- Professional and Medical Malpractice Liability
- Property
- Special Event General Liability
- Surety Bond

- 2.2. Claim Cost Allocation - Allocation of claim cost is dependent on proximate cause of accident and whether the component followed established university policies and procedures. The component can either pay the claim cost or have the department pay all or part of the claim cost.
- 2.3. Property (Buildings and Contents) - The UH System Director, Environmental Health and Risk Management will act as liaison for all components of the UH System when negotiating loss/claim recovery. In the event of a property loss, the UH System Director, Risk Management should be notified by the component liaison and provided with pertinent data such as a photo, a description of the item, a purchase invoice or appraisal or donation documents, or any other information that will assist in determining the item's value. If an occurrence causes damage to more than one component, the deductible and the reimbursement for damages will be shared based on the percentage of total loss experienced by each. Reimbursement funds received will be deposited in the Insurance Claims Cost Center and disbursed to each component which incurred a loss. Please see System Administrative Memorandum 1.C.11 (Property Claims) for additional information about property claims.
- 2.4. Automobiles (Collision and Comprehensive Coverage Only)
- a. University of Houston System Owned Vehicles - The University of Houston System self-insures most of its vehicles for physical loss but physical damage coverage is available for departments desiring such coverage. Liability coverage is purchased to cover claims of others involved.
- (1) At Fault Accident (Liability rests with University of Houston System employees)
- In the event of a claim wherein a University of Houston System employee is found to be at fault, the cost to repair the university vehicle is borne by the component or department that experienced the loss if collision or comprehensive coverage has not been purchased for the UH System vehicle.
- (2) No Fault Accident (Liability does not rest with University of Houston System employees)
- In the event of a claim wherein the other party is found to be at fault, the cost to repair our vehicle shall be submitted to the other party's carrier. Such claims should be coordinated through the System Department of Environmental Health and Risk Management.

- b. Leased Vehicles – The University of Houston System maintains a \$1,000 deductible for physical damage on most leased vehicles unless other coverage and/or limits are required by the Lessor. Liability coverage is purchased to cover claims filed by others against the university.

- (1) At Fault Accident (Liability rests with University of Houston System employees)

The policy provisions are the same as those outlined under the “University of Houston System Owned Vehicles” section. The University of Houston System will be reimbursed by the insurance carrier for physical damage losses over the deductible regardless of who is at fault. The component or department will be responsible for the deductible.

- (2) No Fault Accident (Liability does not rest with University of Houston System employees)

The procedures are the same as those outlined under the “University of Houston System Owned Vehicles” section.

Each component has the option of recovering the deductible expense from the appropriate department.

2.5. Claim Recovery - Liability

- a. Insurance - In accordance with departmental needs or contractual requirements, the University of Houston System may be insured under various policies of insurance. A list of these policies is kept on file with the University of Houston System Director, Environmental Health and Risk Management and a summary of coverages will be provided to each component’s Risk Management liaison. In order to effectively coordinate the claims handling process, the University of Houston System Director, Environmental Health and Risk Management should be notified by the campus designated Risk Management liaison in the event a loss needs to be reported to the pertinent insurer. Please see System Administrative Memorandum 1.C.9 (Tort Liability) for additional information about liability claims.
- b. Self -Insurance - In most instances, the University of Houston System is self-insured for liability exposures involving coverage under the Texas Tort Claims Act. Chapter 101 guidelines for tort claims may be found in AM 01.C.09.

3. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice Chancellor for Plant Operations

Review: Every three years, on or before May 1

4. APPROVAL

Approved: Jim McShan
Interim Vice Chancellor for Administration and Finance

John M. Rudley
Interim Chancellor

Date: October 16, 2007

5. INDEXING TERMS

Automobiles
Insurance
Liability
Real Property