

**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 universities. This Administrative Memorandum describes the process of allocation of costs and reimbursements to all UHS universities.

2. POLICY

2.1. Insurance Premium Cost Allocation – The University of Houston System will purchase insurance on a system-wide basis for all UHS universities. Premiums will be paid directly by a university or department when the properly signed authorization form is on file with the System Risk Management Department. Allocation of costs to each university or department will be based on their proportionate share of premium commensurate with its operational exposure. Each university or department will be billed and is responsible for payment. Each university may allocate premiums to appropriate departments.

2.2. Claim Cost Allocation – Allocation of claim cost is dependent on the proximate cause of the accident and whether the university followed established university policies and procedures. The university can either pay the claim cost or have the applicable department pay all or part of the claim cost.

2.3. Property Claims (Buildings and Contents) – Risk Management will act as liaison for all universities of the UH System when negotiating loss/claim recovery. In the event of a property loss, Risk Management should be notified by the university liaison and provided with pertinent data such as photos, a description of the item, a purchase invoice or appraisal, replacement invoice, or any other information that will assist in determining the item's value. If an occurrence causes damage to more than one university, the deductible and the reimbursement for damages will be shared based on the percentage of total loss experienced by each area. Reimbursement funds received will be deposited in the Insurance Claims Cost Center and disbursed to each university which incurred a loss. Please see [SAM 01.C.11, Property Loss Claims](#) for additional information about property claims.

2.4. Automobiles

- a. Physical Damage - University of Houston System-Owned Vehicles – The University does not automatically purchase physical damage (collision/comprehensive) coverage for its vehicles; however, physical damage coverage is available for an additional cost for universities and departments desiring such coverage.

(1) At Fault Accident

In the event of a claim where a University of Houston System employee is found to be at fault, the cost to repair the university vehicle is borne by the university or department that experienced the loss. If collision or comprehensive coverage has been purchased for the UH System vehicle, the University will be reimbursed by the insurance carrier for physical damage losses over the deductible regardless of who is at fault. The university or department will be responsible for the deductible.

(2) No Fault Accident

In the event of a claim where the other party is believed 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 Risk Management. If recovery is not obtained from the non-university party involved in the accident, the university or department involved in the accident will be responsible for the damage to the university vehicle in cases where physical damage insurance was not purchased for the university vehicle.

- b. Hired (Leased) and Non Owned Vehicles – Vehicles rented by State of Texas employees for business purposes should be obtained through the Texas Comptroller's Management Program – Car Rental Contract. When renting a vehicle from all domestic Enterprise, Hertz or Avis locations under the State of Texas contract, the daily rate includes both Physical Damage and Liability coverage at limits determined by the State of Texas. If an employee is renting a vehicle for business purposes outside of the state contract the employee must purchase, at their own expense or that of the department, the Liability and Physical Damage coverage through that vendor. Claim reimbursements would be handled by the vendor. In both cases, claims should be reported both to the rental agency and Risk Management.

Employees driving their own personal vehicle for business purposes is highly discouraged, and the employees personal auto insurance would be primary for physical damage.

5. REFERENCES AND RESOURCES

[Texas Tort Claims Act – Texas Civil Practice and Remedies Code, Chapter 101](#)

[SAM 01.C.09 – Tort Liability](#)

[SAM 01.C.11 – Property Loss Claims](#)