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 component universities. This Administrative Memorandum describes the process of allocation of costs and reimbursements to all UHS component 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 component universities. Premiums will be paid directly by a component university or department when the properly signed authorization form is on file with the System Risk Management Department. Allocation of costs to each component university or department will be based on their proportionate share of premium commensurate with its operational exposure. Each component university or department will be billed and is responsible for payment. Each component 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 component university followed established university policies and procedures. The component 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) — The UH System Director, Risk Management will act as liaison for all component universities 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 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 component 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 component university.
component university which incurred a loss. Please see System Administrative Memorandum (SAM) 01.C.11, Property Loss Claims for additional information about property claims.

2.4. Automobiles (Collision and Comprehensive Coverage Only)

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 component universities and departments desiring such coverage. Liability coverage is purchased for all vehicles to cover claims filed by others against the University. Additionally, all component campuses are given the choice to insure all golf carts and other non-street licensed motorized vehicles for liability coverage only.

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

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 component 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 component university or department will be responsible for the deductible.

(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 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 the System Department of Risk Management. If recovery is not obtained from the non-university party involved in the accident, the university component 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 Leased 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.

If for any reason the University’s auto insurance carrier is the primary insurance company handling the claim, the policy provisions for both “At Fault” and “No Fault” above apply to this section.

The University of Houston System maintains physical damage coverage on most leased vehicles per lease agreement requirements, so copies of the lease agreements must be sent to the System Director for Risk Management. Liability coverage is purchased to cover claims filed by others against the university.

c. Liability - Liability coverage is purchased for all vehicles to cover claims filed by others against the University, and the premium is paid for by the component university or department. Additionally, all component university campuses are given the choice to insure owned golf carts and other non-street licensed motorized vehicles or equipment for liability coverage only. Any deductibles will be invoiced to components or departments by Risk Management if applicable.

(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.
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, Risk Management and a summary of coverages may be provided to each component’s Risk Management liaison. In order to effectively coordinate the claims handling process, the University of Houston System Director, 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 SAM 01.C.09, 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 SAM 01.C.09.

3. REVIEW AND RESPONSIBILITY

Responsible Party: Senior Associate Vice Chancellor for Finance

Review: Every three-five years on or before May 1-September 1

4. APPROVAL

Approved: Raymond Bartlett
Jim McShan
Senior Vice Chancellor for Administration and Finance

Renu Khator
Chancellor

Date: 8/16/2021
February 27, 2017

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
## REVISION LOG

<table>
<thead>
<tr>
<th>Revision Number</th>
<th>Approval Date</th>
<th>Description of Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>09/04/1990</td>
<td>Initial version</td>
</tr>
<tr>
<td>2</td>
<td>11/26/1990</td>
<td>Changed title to “Allocation of Insurance Costs and Reimbursements”</td>
</tr>
<tr>
<td>3</td>
<td>12/10/1993</td>
<td>Applied minor housekeeping changes</td>
</tr>
<tr>
<td>4</td>
<td>09/18/1997</td>
<td>Documentation added to Section 2.1 on coverage premiums; changed title from Allocation of Insurance Costs and Reimbursements to Allocation of Insurance Premium and Claim Reimbursements. Added Section 2.3 on Real Property (Buildings and Contents)</td>
</tr>
<tr>
<td>5</td>
<td>01/11/2000</td>
<td>Applied revised SAM template. Revised information in Section 2.1 on premium payments, billing to components/departments on a monthly basis, and various removals/additions to the premium listing. Changed the review period from annually on or before May 1st to every odd year on or before May 1st</td>
</tr>
<tr>
<td>6</td>
<td>10/16/2007</td>
<td>Applied revised SAM template. Updated the current names of the System’s insurance premiums. Changed the responsible party, the approval section, and the review period from every odd year on or before May 1st to every three years on or before May 1st</td>
</tr>
<tr>
<td>7</td>
<td>08/16/2021</td>
<td>Updated the review cycle to every five years. Updated EVC of Administration and Finance</td>
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<tr>
<td>Revision Number</td>
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<td>Description of Changes</td>
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<tr>
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<tr>
<td>7</td>
<td>12/21/2011</td>
<td>Applied revised SAM template and added new Revision Log. Added hyperlinks as applicable to areas and documents. Removed premiums for coverage information from Section 2.1. Added information on physical damage coverage and additional coverage in Section 2.4.a. Removed $1,000 deductible physical damage coverage from Section 2.4.b. Changed responsible party from AVC for Plant Operations to AVC for Finance. Removed Section 5, Indexing Terms.</td>
</tr>
<tr>
<td>8</td>
<td>02/27/2017</td>
<td>Updated links and titles as applicable to document. Added information to Section 2.4.a regarding the choice for liability insurance for golf carts and other non-street licensed motorized vehicles.</td>
</tr>
<tr>
<td>7</td>
<td>08/16/2021</td>
<td>Updated the review cycle to every five years. Updated EVC of Administration and Finance. Amended contact to Risk Management from DRM. Clarified that components or departments are responsible for premium for liability. Added equipment to list of potentially insurable items under auto insurance. Added state employees leasing vehicles should utilize the state contract for that, as it has insurance embedded in it. Added information regarding leased vehicles outside of the state contract need to have insurance, and claims payments will be handled by the vendor. Added liability section to Automobile.</td>
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