

UNIVERSITY OF HOUSTON SYSTEM  
ADMINISTRATIVE MEMORANDUM

**SECTION: General Administration**

**NUMBER: 01.C.02**

**AREA: Risk Management**

**SUBJECT: Allocation of Insurance Premium and Claim Reimbursements**

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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 Risk Management Department. Allocation of costs to each component or department will be based on their proportionate share of premium commensurate with its operational exposure. Each component or department will be billed and is responsible for payment. Each component 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 followed established university policies and procedures. The component can either pay the claim cost or have the applicable department pay all or part of the claim cost.

2.3. Property (Buildings and Contents) – The UH System Director, 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 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, 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 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. 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 components 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, 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 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 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. Leased Vehicles – 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.

(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 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, 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 years on or before May 1

4. APPROVAL

Approved: Jim McShan  
Senior Vice Chancellor for Administration and Finance

Renu Khator  
Chancellor

Date: February 27, 2017

**REVISION LOG**

<b>Revision Number</b>	<b>Approval Date</b>	<b>Description of Changes</b>
1	09/04/1990	Initial version
2	11/26/1990	Changed title to "Allocation of Insurance Costs and Reimbursements"
3	12/10/1993	Applied minor housekeeping changes
4	09/18/1997	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)
5	01/11/2000	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 1 <sup>st</sup> to every odd year on or before May 1 <sup>st</sup>
6	10/16/2007	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 1 <sup>st</sup> to every three years on or before May 1 <sup>st</sup>

Revision Number	Approval Date	Description of Changes
7	12/21/2011	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
8	02/27/2017	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