

BILL ANALYSIS

Senate Research Center

C.S.S.B. 455
By: Duncan
Economic Development
3-19-97
Committee Report (Substituted)

DIGEST

Currently, Chapter 84, Civil Practice and Remedies Code, sets out minimum liability insurance limits that charitable organizations must have to cover employees and volunteers in order to limit the organization's liability exposure. The coverages are written in "split limits" requiring \$500,000 per person; \$1,000,000 per occurrence for death or bodily injury; and \$100,000 per occurrence for injury to or destruction of property. Most insurance companies write these types of policies in "combined single limits" which requires a charitable organization to purchase \$1,100,000 in coverage to comply with the code. Most companies, however, do not write liability coverage in that amount. As a result, many charitable organizations are having to purchase excessive coverage with increased premiums. This bill would authorize the liability insurance coverage for a charitable organization to be satisfied by the purchase of a \$1,000,000 bodily injury and property damage combined single limit policy. Additionally, this bill would provide that Sections 84.005-84.006, Civil Practice and Remedies Code, relating to employee and organization liability, respectively, apply to certain charitable organizations.

PURPOSE

As proposed, C.S.S.B. 455 authorizes liability insurance coverage for a charitable organization to be satisfied by the purchase of a \$1,000,000 bodily injury and property damage combined single limit policy. Additionally, this bill provides that Sections 84.005-84.006, Civil Practice and Remedies Code, relating to employee and organization liability, respectively, apply to certain charitable organizations.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 84.007(g), Civil Practice and Remedies Code, to provide that Sections 84.005 and 84.006 of this Act apply, rather than do not apply, to any charitable organization that has, rather than does not have, liability insurance coverage in effect for an, rather than any, act or omission for which recovery is sought and to which this chapter applies. Authorizes insurance coverage of a charitable organization to be satisfied by the purchase of a \$1,000,000 bodily injury and property damage combined single limit policy.

SECTION 2. Emergency clause.
Effective date: upon passage.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 84.007(g), Civil Practice and Remedies Code, to propose that Sections 84.005 and 84.006, Civil Practice and Remedies Code, apply to any charitable organization that has certain liability insurance coverage.