

SUBJECT: Liability insurance requirements for charitable organizations

COMMITTEE: Civil Practices — favorable, with amendment

VOTE: 7 ayes — Gray, Alvarado, Bosse, Dutton, Nixon, Roman, Zbranek
0 nays
2 absent — Hilbert, Goodman

SENATE VOTE: On final passage, April 3 — voice vote

WITNESSES: For — Robert Huxell, Texas Association of Insurance Agents; Norman Hood, Independent Colleges and Universities of Texas
Against — Mike Slack, Texas Trial Lawyers Association

BACKGROUND : Charitable organizations can enjoy limited liability for acts or omissions of their employees by purchasing liability insurance that covers \$500,000 per person for bodily injury or death, \$1 million per single occurrence of bodily injury or death, and \$100,000 for property damage.

DIGEST: SB 455 would allow charitable organizations to satisfy limited liability insurance requirements by purchasing a combined single limit policy covering \$1 million of personal injury and property damage.
SB 455 would take immediate effect if finally passed by a two-thirds record vote of the membership in each house.

SUPPORTERS SAY: The requirements of Chapter 84 have been interpreted so that a charitable organization must carry a total of \$1.1 million in insurance even though the amount above \$1 million would never be used. This coverage would only be required if the occurrence leading to the injury caused more than \$1 million of bodily injury damages to more than one person and \$100,000 of property damage. It would be virtually impossible to imagine a scenario where both of these limits would apply to one act or omission. The amount of insurance carried over \$1 million is unnecessary.

Some insurers usually carry insurance in large amounts so that a \$1 million policy is actually cheaper than a \$100,000 policy. In many cases, insurers will not sell an organization a policy for \$1.1 million, only \$1 million or \$2 million. By purchasing a \$1 million policy, charitable organizations would save money and still ensure that anyone injured would be compensated as required by law.

OPPONENTS
SAY:

The statute allowing charitable organizations to have limited liability makes it clear that they must cover \$1 million in bodily injuries and \$100,000 in property damages. While it may be a rare case when both of these limits are reached by the same occurrence, if it did happen, the injured party could not obtain full compensation.

NOTES:

The committee amendment would reinstate the original double negatives in the amended section of the Civil Practices and Remedies Code that were removed by the Senate-passed version.

HB 354 by Duncan, an identical bill, passed the House in the 74th Legislature and died in the Senate.