

Automobile Insurance Limits

Question:

Should a District purchase Automobile Liability limits higher than the 100/300/100* Tort Claims limitation?

Answer:

1. If the District ever goes out of state, Texas Tort limits will not apply. In fact the tort limits of another state will not protect Texas school districts, only school districts in that state. In order to obtain additional coverage, the District would need to contact its insurance carrier and pay an additional premium, prior to the exposure. (Some companies automatically increase limits to \$1,000,000 if a vehicle goes out of state.)
2. The Tort Claims limit may not be sufficient to protect an employee driver's statute liability of \$100,000 (Civil Practices and Remedies Code 108).
3. Students have no protection under the Texas Tort Claims act. Possible exposures would be while using District vehicles or for driver training classes.

A court has ruled that a tractor is a motor vehicle. Previously claims involving unlicensed equipment were considered General Liability exposures and denied by most insurance companies as being exempt from the Tort Claims Act. As a motor vehicle such claims are now subject to the Automobile Tort Claims limits.

From a risk management standpoint, if the District needs to reduce insurance costs, we would suggest increasing deductibles.

* "...maximum amount of \$100,000 for each person and \$300,000 for each single occurrence for bodily injury or death and \$100,000 for each single occurrence for injury to or destruction of property." (Civil Practice & Remedies Code 101.023 (b))