

Automobile Insurance

Automobile insurance has been purchased jointly for many years by the three University of Alabama campuses protecting university vehicles and drivers. Decisions about coverage are made by a University of Alabama System committee with membership drawn from the UA Systems Office and all three institutions. The insurance is currently provided by Travelers Property Casualty Company of America, with Pritchett-Moore, Inc. in Tuscaloosa serving as broker. The insurance coverage includes both liability and property coverage.

Liability Insurance. The insureds for liability coverage include all employees of the three UAS institutions and permitted users of university vehicles while driving a “covered vehicle.” The latter includes “any automobile,” which is defined as any owned, leased, rented, or borrowed automobile. Coverage therefore extends to a vehicle owned by the University and to a vehicle leased, rented, or borrowed (from a non-employee) by the University. The policy sometimes uses the term “hired vehicle” to refer to one that is leased, rented, or borrowed. When an employee rents a vehicle in his/her own name but for use on University business, this is considered a “hired vehicle” situation and liability coverage attaches. Coverage also extends to what is referred to as a “non-owned” vehicle, that is, one not owned or hired by the University; a non-owned vehicle is specifically said to include a vehicle owned by an employee while being used for University purposes. .

Liability coverage under this policy is now primary. At one time, the liability coverage was excess or secondary as to rental vehicles, and the employee was required to apply and exhaust collectible benefits under a personal policy with respect to a liability claim before the University's policy would provide benefits. This is no longer true for rental vehicles. Endorsement 44307 amends the policy by providing that hired vehicles are insured as if they were owned vehicles, and owned vehicles are insured on a primary coverage basis. The University's coverage does continue to be secondary with respect to liability arising out of the employee's use of non-owned vehicles, including particularly a personal automobile used in University business.

Property Insurance. Physical damage insurance, known as comprehensive and collision coverage, is currently provided through the Traveler's policy for all rental vehicles and for all vehicles owned or leased by the University that are not more than five years old. This insurance is being written on a “blanket” basis (all vehicles falling within the model year parameters), as opposed to a “scheduled” basis (all vehicles that are placed on the schedule of covered vehicles).

The coverage is primary for all covered vehicles owned by the University and for all covered vehicles not owned by the University, that is, for all hired vehicles. No physical damage coverage is provided for a vehicle owned by an employee and being used for university purposes. The present deductibles are \$1,500 per loss for comprehensive and for collision claims for university-owned vehicles, and \$250 for hired or leased (rental) vehicles.

Because of the liability and property damage insurance provided under this policy, it is not advisable for a UAH employee who is renting a vehicle in his name for use on University business to purchase the insurance offered by the rental company.

The policy does not include **uninsured motorist** coverage or **medical** payments coverage.