

SUBJECT: Charitable organization insurance requirements

COMMITTEE: Civil Practices — committee substitute recommended

VOTE: 5 ayes — T. Hunter, Culberson, Hartnett, Moffat, Zbranek
0 nays
4 absent — Hilbert, Alvarado, Sadler, Tillery

WITNESSES: (*On original bill*)

For — Douglas Sanford; Bob Huxel, Texas Association of Insurance Agents; Jacqueline Shannon, Texas Alliance for the Mentally Ill

Against — Jose Comancho, Texas Association of Community Health Centers

On — None

BACKGROUND: Chapter 84 of the Civil Practices and Remedies Code allows a charitable organization's liability to be limited to \$500,000 per person or \$1,000,000 per occurrence for bodily injury and \$100,000 for property damage so long as that charitable organization carries insurance for those amounts.

The requirements of chapter 84 have been interpreted so that a charitable organization must carry a total of \$1,100,000 of total insurance even though that amount above \$1 million would never be used.

Some insurers usually carry insurance in large amounts so that a \$1 million policy is actually cheaper than a \$100,000 policy.

DIGEST: CSHB 354 would allow a charitable organization to satisfy the requirements of chapter 84 by carrying a \$1 million total policy to cover bodily injury and property damage combined.

NOTES: The original version of HB 354 changed the amount of insurance that a charitable organization should carry from \$500,000 per person and

\$1,000,000 per occurrence to a total of \$1,000,000. The committee substitute does not alter the amount of insurance but merely states that these amounts may be satisfied by holding a \$1 million insurance policy.