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Deputy Chief Legal Counsel

August 29, 2017

To: Winston-Salem State University Campus Community

From: Venus D. Boston, Deputy Chief Legal Counsel/cmm

Date: August 29, 2017

Re: Memo to address Claims Arising from Accidents Involving Vehicles Operated on
University Business

This statement contains a general description of resources available in connection with claims arising from accidents involving vehicles driven on official University business. If a University driver is involved in an accident involving any vehicle driven on official University business, the driver or driver's supervisor must report the accident as required in this statement. A chart summarizing the reporting requirements is on the last page of this statement.

A. Purpose

The purpose of this statement is to provide guidance on liability and collision/comprehensive insurance for North Carolina Motor Fleet Management Division motor vehicles assigned to the University, University-owned motor vehicles, motor vehicles rented or leased for official University business, and personally-owned vehicles that are driven by University employees or volunteers on official University business. Motor Fleet Management vehicles and University-owned vehicles are all "State-owned Vehicles."

B. General Matters

1. **Accident Reporting.** The employee or authorized volunteer involved in a vehicle accident occurring while traveling on official University business must report the accident to police at the site of the accident and report the accident to the appropriate University officials immediately. This applies to leased vehicles as well as Motor Fleet Management vehicles and University-Owned vehicles. If possible, the employee should take pictures of any damages resulting from the accident. Every Motor Fleet Management Vehicle and University-Owned Vehicle carries in the vehicle instructions for reporting accidents. The attached chart lists the offices to contact in the event of an accident, and these requirements are also discussed in Section E.2. If possible, the employee should take pictures of any damages resulting from the accident.

2. Medical Coverage for University Employees. University employees injured in vehicle accidents while traveling on University business receive medical coverage provided by the North Carolina State Workers Compensation Program. The employee should file the appropriate forms promptly with the Safety & Environmental Health Office of the Human Resources Department, 104 King Building, Extension 1111.

3. Official Use Only. The coverages described here apply only in connection with vehicles used for official University business and have no bearing on private or unauthorized use of these vehicles.

C. Automobile Liability Protection.

Liability insurance covers accidental bodily injury and property damages caused by an insured person who is legally responsible for such injury or damages.

1. Liability Insurance for State-Owned Vehicles. The North Carolina Department of Insurance provides blanket vehicle liability insurance coverage for Motor Fleet Management and University-owned motor vehicles (including campus utility carts and lawnmowers) through the self-insured Motor Vehicle Liability Insurance Program administered by Travelers Insurance Company. The policy is retrospectively rated, meaning that the State's claims experience will ultimately be reflected in the premium cost each year. Insurance premiums for vehicles assigned to the University by North Carolina's Motor Fleet Management department are paid by Motor Fleet Management. Annual premiums for University-owned vehicles are the responsibility of the University department that purchased or which operates the vehicle. The State's motor vehicle liability insurance provides coverage limits of \$1,000,000 per claimant per accident with a maximum of \$10,000,000 per accident.

2. Liability Coverage for Claims by Passengers in State-Owned Vehicles. When an accident is caused by a University employee, third party liability insurance coverage up to the limits of the State's policy may address liability claims of passengers in the Motor Fleet Management or University-owned vehicle who are not State employees. Any such accident involving a Motor Fleet Management vehicle should be reported to Motor Fleet Management as shown in the attached chart.

3. Liability Arrangements for Accidents Caused By Others. If a Motor Fleet Management vehicle is involved in an accident caused by another, the matter should be referred to the Motor Fleet Management Division for disposition and recovery through the other driver's insurance company. If a University-owned vehicle is involved in an accident caused by others, please provide a copy of the Police Report and any other available information on the driver to the office of Risk Management. Risk Management will report the claim to the University's insurer, Travelers, for subrogation or collection of auto property damages from the other's insurer. Any accident involving a University-owned vehicle should also be reported to Risk Management as shown in the attached exhibit.

Injuries to the driver of a Motor Fleet Management or University-owned vehicle and any passengers may be covered by the liability insurance of the other vehicle involved. If a University-owned vehicle is covered by collision and/or comprehensive insurance, Travelers Insurance Company must be notified so that it may participate in disposition and/or settlement

of the claim(s).

If an employee has been injured in an accident resulting in the payment of Workers Compensation benefits to the employee (see B.2 above), the University may then seek a recovery from the other driver's insurance company for the medical and other expenses incurred.

4. Liability Arrangements for Accidents Occurring during Employee's Use of Personal Vehicle for University Business. If an accident occurs while an employee is using his/her personal vehicle for official University business, the employee's auto coverage is considered the primary coverage and the employee will be responsible for paying their deductible. If necessary, the State's liability coverage may supplement the employee's personal policy as excess liability coverage. Supervisors should inform employees that the employee's own auto coverage will be considered the primary coverage if s/he uses a personally-owned vehicle for official University business. Employees of the University are covered through the N.C. State Workers' Compensation Program for injuries sustained in the use of their personal vehicles for official University business (see B.2 above).

5. Liability Arrangements for Authorized Volunteers' Use of Personal Vehicles. A "volunteer" is any person who provides goods or services to any University school or department of his or her own free will and for no financial gain. (Refer to Governor's Executive Order No. 48.) An "authorized volunteer" for the purposes of these rules is a person who has been authorized by a dean, director or department head to drive a personal vehicle to perform official University business. If an accident occurs while the personal vehicle of an authorized volunteer is being used for official University business, the volunteer's liability coverage is considered the primary coverage. If the volunteer is found to be an authorized agent of the State on official University business, the State's coverage may also be applicable. (Volunteers are not authorized to drive any state-owned vehicles.)

6. Vehicle Liability Coverage outside North Carolina but Within the United States. Motor Fleet Management and University-owned vehicles traveling in the United States outside North Carolina carry additional liability coverage to satisfy any state's statutory insurance requirements. Protection limits include \$1,000,000 for bodily injury per person with \$10,000,000 for the aggregate bodily injuries per accident. Property damage is covered up to the limit of \$1,000,000 per accident.

7. Vehicle Liability Coverage Outside the United States. Employees who plan to travel on University business by motor vehicle outside the United States should consult with Risk Management, Safety and Security well in advance of any such travel regarding vehicle liability insurance requirements.

8. Liability Insurance for Rental Cars Used for Official University Business. University travelers renting vehicles from Enterprise Holdings or its subsidiaries are covered for liability and physical damage by contractual arrangement with Enterprise. If the value of the rental vehicle exceeds \$30,000 you must notify the Office of Risk Management with details so the vehicle can be manually scheduled on the State's policy. Rentals from any company other than Enterprise must all be reported to the Office of Risk Management.

D. Comprehensive and Collision Coverage

Collision coverage pays for damage to a covered vehicle caused by collision with another object or by upset of the vehicle, and comprehensive coverage pays for loss of or damage to a covered vehicle, except loss caused by collision or upset.

1. **State-Owned Vehicles.** The Department of Motor Fleet Management procures comprehensive and/or collision insurance for Motor Fleet Management vehicles. Motor Fleet Management handles related claims for its vehicles. If comprehensive and/or collision insurance is desired for University-owned vehicles, departments must contact Risk Management, Safety and Security. This coverage is procured separately, and the department requesting the coverage is responsible for the premium payment.

If no collision and/or comprehensive coverage is purchased by a University department, that department's budget must bear the cost of repairing or replacing its University-owned vehicle damaged or lost in an accident where the University employee driver is at fault, or where no fault is established giving rise to a recovery against another party.

2. **Two University-owned Vehicles Involved In An Accident.** If a University-owned vehicle damages or is damaged by another State-owned vehicle (whether Motor Fleet or University-owned), Travelers collision coverage does not apply unless it has been specially procured. Departments must work out repair or replacement costs with the other department or agency.

3. **Collision and Comprehensive Insurance for Rental Cars.** The rental car company may automatically provide collision and/or comprehensive coverage for the rental car. Because rental car contracts vary from company to company, travelers are encouraged to ask the rental company for enough information to clearly understand the terms of the rental contract, especially those which relate to insurance.

In many instances, travelers are given the option of accepting a "Collision Damage Waiver" (CDW) for which they would pay a daily fee. **State policy does not allow reimbursement of expenses such as "CDW" or similar items with one exception for foreign countries (explained below).** Instead, the State has procured comprehensive and collision coverage for vehicles rented by employees for less than thirty (30) days in conjunction with the conduct of official University business. This coverage is underwritten by the Travelers Insurance Company with no annual aggregate and no deductible.

"Automatic" comprehensive/collision coverage is provided in the United States, its possessions and Canada. There is no coverage in other foreign countries. There is one exception to the rule on the purchase of the "CDW." Because the Travelers' coverage does not extend to most foreign countries, the State Budget Office does allow reimbursement on the cost of the "CDW" when employees are conducting official University business in the foreign countries not covered by the policy.

Listed below is a guide on comprehensive and collision insurance for rental cars worldwide.

- If you rent/lease a vehicle from Enterprise Holdings in the United States, Canada, or certain U. S. territories or possessions¹ for a period of:

Less than thirty (30) days, comprehensive and collision insurance are automatically provided if the vehicle is valued less than \$30,000. The State's policy through Travelers provides this insurance at no cost to the University department. If the vehicle is valued at \$30,000 or greater, you must contact the Office of Risk Management for coverage. If you rent a vehicle from any company other than Enterprise you must contact the Office of Risk Management to effect coverage.

Thirty (30) days or more, comprehensive and collision insurance is not provided unless requested. Requests should be made for such comprehensive and collision insurance well in advance through Risk Management, Safety and Security at extension 8448. A premium may be charged for this coverage.

- The University has no existing insurance policy in force for the operation of any vehicle rented or leased in foreign countries. When in a foreign country you must purchase auto-liability and physical damage insurance directly from the rental car company.

SUMMARY: Generally, comprehensive and collision insurance coverage is provided free of charge for rentals/leases of autos valued up to \$30,000 in the United States, its possessions and territories, and Canada for up to thirty days. If you anticipate renting a vehicle for thirty days or more, or rent a vehicle valued over \$30,000 even for one day, you must contact Risk Management, Safety and Security for special instructions on comprehensive and collision insurance. Under some circumstances, coverage for these vehicles may involve a premium that will be charged to the employee's department. **Any Collision Damage Waiver (CDW) insurance or Physical Damage Waiver (PDW) insurance purchased through the rental agency within the United States, its territories or possessions and Canada IS NOT reimbursed by the University.**

E. Procedures That Will Help to Assure Proper Handling of Accident Claims

1. **Listing Vehicles for Liability Coverage**

- a. Departments must forward all original titles of University-owned vehicles to the Purchasing Department for safekeeping.
- b. University-owned vehicles purchased mid-year are covered until the annual automobile list is provided to the insurer for the State's insurance policy renewal.

¹ United States Virgin Islands (St. Croix, St. John, St. Thomas); Guam; American Samoa; Puerto Rico; Commonwealth of the Northern Mariana Islands; Marshall Islands; Federated States of Micronesia; Republic of Palau; Wake Islands Midway Islands; Territory of the Pacific Islands.

c. When self-propelled vehicles are disposed of or transferred, departments must notify the Purchasing Department as well as Risk Management.

d. When self-propelled vehicles are badly damaged and not drivable, vehicles **MUST BE SURPLUSED**. Departments cannot simply discard, throw away, or junk any self-propelled vehicles. An Equipment Disposal Transfer Form for surplus of a vehicle may be obtained from the Purchasing Department, Extension 2228.

e. At the time of annual renewal of liability coverage, printouts of the department's inventory will be forwarded to each department for verification.

2. Motor Vehicle Accident Reporting and Injuries

a. **All** motor vehicle accidents involving Motor Fleet Management, University-owned vehicles, and rental cars used for official university business must be reported to the local police and, if applicable, the rental car agency no matter how small the cost of damage or who is at fault. Furthermore, any accidents that occur on campus should be reported to the campus police. All motor vehicle accidents involving Motor Fleet Management vehicles must also be reported to the Motor Fleet Management Division. All motor vehicle accidents involving University-owned vehicles must also be reported to Risk Management.

b. Accidents involving rental cars must be reported to the police and rental car agency immediately and reported to Risk Management and/or Motor Fleet Management Division by noon of the following workday. If the accident occurred off campus, the department whose employee was involved in the accident is responsible for furnishing the Risk Management and or Motor Vehicle Management Division with a copy of the police report.

c. An accident reporting kit must be kept in each Motor Fleet Management vehicle and all drivers should be informed of its location. The reporting kits have been developed by Travelers Insurance Company, which administers the blanket state insurance policy. In the event of an accident, the kit must be completed by the driver and forwarded to Motor Fleet Management as directed in the kit.

d. If the accident occurred while driving a rental car, a written statement of the basic facts about the accident should be sent to Risk Management, Safety and Security and when the person has returned from the trip. A copy of the accident report filed with the rental car agency, a copy of the rental car agreement and a copy of the police report should also be furnished to Risk Management, Safety and Security.