

MS 526 MOTOR VEHICLE INSURANCE

Date: 08/21/91
Office: D/GC
Supersedes: 12/27/82

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1.0 PURPOSE

This Manual Section sets forth conditions for purchase of insurance for official motor vehicles as authorized by Section 15(d) (8) of the Peace Corps Act, as amended. It also deals with the appropriate type, amount, and scope of such insurance, and with insurance for Volunteers who drive uninsured host country vehicles in the performance of their duties.

2.0 BACKGROUND

Despite the broad language in Section 15(d) (8) authorizing the purchase of insurance, it is established policy throughout the U.S. government not to purchase such insurance except under very limited circumstances. These circumstances are outlined in legal decisions by the Comptroller General.

3.0 POLICY

In accordance with the above decisions by the Comptroller General, Country Directors may purchase motor vehicle insurance overseas only when one or more of the following conditions exist:

3.1 Host Country Requirements

A host country has a law which requires insurance on all motor vehicles.

3.2 Dangerous Driving Conditions

Unusually dangerous driving conditions, as evidenced by frequent accidents, make insurance economically justifiable.

3.3 Host Country Accident Policies

There is a local practice of putting uninsured persons to great trouble or inconvenience if they are involved in accidents; e.g., imprisonment of drivers, impoundment of vehicles, etc. The local Embassy's practice in this regard may be considered as evidence for or against the purchase of insurance, but it will not be the only factor considered.

3.4 Authorization by General Counsel

Conditions other than those cited above may exist in which it is appropriate to purchase motor vehicle insurance. If the Country Director believes that such a situation exists, he or she should notify the Peace Corps General Counsel identifying reasons which appear to justify purchase of insurance. The General Counsel will then identify whether such insurance is legally permissible. Local Embassy practice will be considered as evidence for or against purchase of insurance, but will not be the sole determinant in deciding whether to purchase vehicle insurance.

4.0 PROCEDURE

4.1 Authorization

If the Country Director determines that purchase of insurance for Peace Corps official motor vehicles is justified under one of the circumstances identified in Paragraph 3 or the General Counsel authorizes such purchase under Paragraph 3.4., the Country Director may purchase the needed vehicle insurance locally. (In most cases, third party liability insurance alone will be adequate.)

If the purchase of insurance is based primarily on the justification in Paragraph 3.2., collision insurance may also be necessary.

4.2 Scope of Coverage

In deciding how much coverage to purchase, the local Embassy's practice is a valuable (although not binding) guideline.

The Country Director should keep in mind Peace Corps' broad claims settlement authority as described in MS 775 Settlement of Claims Arising Abroad. Normally, insurance should be purchased in the minimum amount required to satisfy local legal requirements and to cover the risks involved.

If the Country Director has any doubts with respect to the adequacy of coverage of a vehicle insurance policy, he/she may contact the General Counsel for counsel and/or guidance in seeking legal advice locally.

NOTE: Because several cases have arisen in which the Peace Corps lacked authority to assume the legal expenses for Peace Corps employees charged with criminal offenses as a result of motor vehicle accidents, the Country Director should consider purchasing motor vehicle insurance sufficiently broad to cover such incidental expenses.

4.3 Insurance for Drivers of Host Country Vehicles

The purchase of liability insurance to cover Volunteers or staff who drive host country motor vehicles in the course of their duties may at times seem advisable. When this is the case, the Country Director must send

the Regional Director a full statement identifying such circumstances. The Regional Director, with the concurrence of the General Counsel, can authorize the purchase of such insurance, pursuant to Section 15(a) of the Peace Corps Act.

4.4 Reporting Insurance Purchase

The Country Director will report all local purchases of insurance to the Regional Director, giving the following details:

- The justification for purchasing the vehicle insurance in terms of the criteria set forth in Paragraph 3. above;
- Amount of premium;
- Type of insurance;
- Amount and scope of coverage; and,
- Whether the policy covers only official vehicles, or includes volunteers driving uninsured host country vehicles.

The Regional Director will review these reports as necessary to ensure that the guidelines set forth in this Manual Section are being consistently and correctly applied.

5.0 EFFECTIVE DATE

This Manual Section and the delegations of authority made or confirmed herein shall take effect on the date of issuance.