



Fire Marshal's Alert!

May 17, 2005

Texas Department of Insurance Clarifies Fireworks Display Insurance Coverage Requirements

The Texas Department of Insurance and the State Fire Marshal have recently been informed that insurers providing coverage for fireworks displays are uniformly using an "exclusion" clause or rider that broadens individuals exempted from coverage under the policies to include any person who may remotely participate in a fireworks display and are not employees of the applicant, including "independent contractors", "temporary and leased workers", "volunteers", and the "spouses, children, parents, brothers or sisters of such persons". This practice could and may leave numerous individuals attending the display exposed and without insurance coverage.

Applicants for a permit are required by state law to provide evidence of liability insurance prior to obtaining a permit. The insurance requirement is contained in the Texas Occupation Code § 2154.205. It provides in part:

b) The policy shall be conditioned to pay the amount of money the insured becomes obligated to pay as damages because of bodily injury and property damage caused by an occurrence involving the insured or the insured's servant, officer, agent, or employee in the conduct of a public fireworks display.

This bulletin is issued to advise display permit applicants and insurers that the scope of this mandated liability coverage may not be unilaterally reduced. An insured's [permit holder's] servants, officers, agents, and employees may be excluded from coverage. The SFM and TDI are advising all concerned parties to review the insurance coverage submitted pursuant to the requirements of Texas Occupation Code § 2154.205.

Persons with questions regarding this bulletin may contact Ed Salazar @ (512) 475-2979 or ed.salazar@tdi.state.tx.us