

IUC Risk Management & Insurance Consortium

Guidelines for Insurance Requirements in Contracts – This document provides recommendations on contractual insurance requirements to assist and guide members when developing contracts with 3rd parties. It was developed and will continually be updated based upon the current environment but is intended to be a guideline and, ultimately, it is a member’s business decision as to what is required in any specific contract.

Note: Contractual terms can be agreed to; however, not all terms may be covered by the insurance contracts.

Service provider shall provide and maintain, until all of their obligations, including any warranty periods under this Project, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Service Provider, its agents, representatives, employees or subcontractors.

The insurance requirements herein are minimum requirements for this Project and in no way limit the indemnity covenants contained for the Contract. The University in no way warrants that the minimum limits contained herein are sufficient to protect the Service Provider from liabilities that might arise out of the performance of the work under this Contract by the Service Provider, its agents, representatives, employees or subcontractors, and Service Provider is free to purchase additional insurance.

A. **MIMIMUM SCOPE AND LIMITS OF INSURANCE:** Service Provider shall procure and maintain the minimum insurance coverage’s set forth below.

1. **Commercial General Liability**

Policy shall include bodily injury, property damage, personal injury, contractual liability, fire legal liability, medical payments coverage, and sexual molestation/abuse if vendor is interacting with minors.

- Each Occurrence \$1,000,000
- General Annual Aggregate \$2,000,000
- Products – Completed Operations Annual Aggregate \$2,000,000
- *In addition to the above requirement, for work which includes: Caissons/Piles; Demolition; Excavation; Utility work; Sheeting, shoring, underpinning; Window washing equipment; Wrecking
 - Each Occurrence \$5,000,000

2. **Business Automobile Liability**

Bodily Injury and Property Damage for any owned, leased, hired and non-owned vehicles used in the performance of this Project.

- Combined Single Limit \$1,000,000
- Ground Charter
 - More than 15 passenger capacity \$10,000,000
 - 15 or less passenger capacity \$5,000,000

3. **Workers’ Compensation/Employers’ Liability**

Workers’ Compensation for losses arising from work performed by or on behalf of the Service Provider.

- State Fund or Self-Insurance Statutory
- Employers’ Liability \$1,000,000

4. Professional Liability (Errors and Omissions) – if applicable

Licensed or certified professionals. Policy shall be appropriate to the Service Provider’s profession, and coverage shall be maintained for a period of three years after coverage term if coverage is on a claims-made basis.

- **Professional Services – Architects, Engineers, Accountants, Consultants, etc.**

- Each Occurrence \$1,000,000
- General Aggregate \$3,000,000
- Consider higher limits for large value contracts

- **Medical Services – Medical Practitioners, Nurses, Counselors, Allied Health, etc.**

- Each Occurrence \$2,000,000
- General Aggregate \$6,000,000

5. Liquor Liability – if applicable

Policy for Service Provider distributing, selling or serving alcoholic beverages. Coverage may be provided under Service Provider’s Commercial General Liability policy or by way of a separate policy.

- Each Occurrence \$1,000,000
- General Aggregate \$1,000,000

6. Crime Coverage – if applicable

Policy for Service Provider with access to cash or payments, networks, or outsourced services such as custodial, building management, dining, etc.

- \$1,000,000 occurrence/aggregate; or fidelity bond of 50% of Contract value or \$100,000, whichever is greater

7. Cyber Liability – if applicable

Policy for Service Provider who has access to credit card information, student or employee records, health records, or any other Personally Identifiable or Protected Health information.

- Each event, including Breach Response or Event Services
 - Minimum Limit \$1,000,000
 - Preferred Limit \$5,000,000
 - Cyber coverage may be provided on a Tech E&O policy, which includes professional liability.

8. Pollution Liability – if applicable

Work including environmentally sensitive, hazardous types of activities (such as demolition, asbestos abatement or similar), or involves hazardous materials.

- Each Occurrence \$1,000,000
- General Aggregate \$3,000,000

9. Non-Owned Aviation

No less than \$3,000,000 per seat or \$50,000,000 per occurrence; \$8,000,000 to \$10,000,000 times the total number of seats on aircraft preferable. No sublimits for passenger bodily injury; Certificate of Insurance provide that charter use is permitted by insurer; the charter operator should provide evidence that liability coverage includes war, hijacking, and other perils insurance. Any sublimits should be specifically outlined.

10. Property – Builder’s Risk

Service Provider shall provide and maintain, during the progress of the Work and until Contract Completion, a builder’s risk insurance policy to cover all work in the course of construction including false-work, temporary buildings and structures, and materials used in the construction process, stored on or off-site, or while in transit. This coverage shall:

- **be not less than the total completed value of the Project, including the value of permanent fixtures and decorations**, with a deductible of not more than \$25,000 per occurrence. Any deductible over the amount specified shall be authorized in writing by the Owner
- be on a special cause of loss form that provides coverage on an open perils basis insuring against the direct physical loss of, or damage to, covered property including, but not limited to, theft, vandalism, malicious mischief, earthquake, tornado, lightning, explosion, breakage of glass, flood, collapse, water damage, and hot and cold testing
- be written on a replacement cost basis and shall also include debris removal, and/or demolition occasioned by enforcement of Applicable Law
- include a provision to pay the reasonable extra costs of acceleration and expediting temporary and permanent repairs to, or permanent replacement of, damaged property. This shall include overtime wages and the extra cost of “express” or other means for rapidly transporting materials and supplies necessary to the repair or replacement
- include “soft cost endorsement” including, but not limited to, the reasonable extra costs of the A/E and reasonable Contractor or acceleration costs
- include material in transit or stored off-site and identified for the Project
- waive all rights between the Owner, Contractor, and Subcontractors at any tier, for damages caused by fire or any other perils to the extent of actual recovery of any insurance proceeds under the policy
- include appropriate sub-limits for installation coverage
- include provisions for mechanical or electrical breakdown, or boiler system testing
- include temporary structures and scaffolding, along with collapse coverage
- be primary to all other applicable insurance
- specifically permit and allow for Partial Occupancy by the Owner prior to Contract Completion and coverage shall remain in effect until all punch list items are completed
- Note: If the service provider is involved solely in the installation of material and equipment and not in new building construction, the Service Provider shall purchase and maintain a builder’s risk, builder’s risk-renovations, or installation floater insurance policy. The policy shall comply with all provisions.

ADDITIONAL REQUIREMENTS: All Policies shall meet the below requirements

- a. Shall be endorsed to apply on a primary basis, non-contributory with any other insurance coverages and/or self-insurance carried by the University.
 - b. Shall be written on an occurrence basis (professional and pollution liability can be on a claims-made basis). Exceptions should be noted to University
 - c. Except for Workers' Compensation and Employers' Liability insurance, shall be endorsed to include University and its governing board, officers, agents, and employees as additional insured with respect to liability arising out of the activities performed by or on behalf of the Service Provider. This is evidenced on the Certificate of Insurance as well as a copy of the endorsement to the Service Provider's insurance.
 - d. Shall contain a waiver of subrogation in favor of University and its governing board, officers, agents, and employees for losses arising from work performed by or on behalf of the Service Provider.
 - e. Limits can be met with a combination of primary and/or excess/umbrella coverage or equivalent.
 - f. Coverage provided by the Service Provider shall not be limited to the liability assumed under the indemnification provisions of this project.
- B. **NOTICE OF CANCELLATION:** Each insurance policy required by the insurance provisions of this Contract shall provide the required coverage and shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the University. Such notice shall be sent directly to the University Risk Management department.
- C. **ACCEPTABILITY OF INSURERS:** Insurance is to be placed with duly licensed or approved non-admitted insurers in the State of Ohio with an "A.M. Best" rating of not less than A- VII.
- D. **VERIFICATION OF COVERAGE:** Service Provider shall furnish the University with certificates of insurance (ACORD form or equivalent) as required by this Project, along with a copy of required policy endorsements upon request. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Employers covered for Worker' Compensation through the State Fund shall provide a copy of their current "Certificate of Premium Payment" to evidence they have coverage. All certificates and endorsements are to be received and approved by the University before work commences. Each insurance policy required by this Project must be in effect at or prior to commencement of work under this Project and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Project, or to provide evidence of renewal, is a material breach of contract.
- E. **SUBCONTRACTORS:** Service Providers' certificate(s) shall evidence that all subcontractors are included as insureds under its policies or Service Provider shall furnish to the University separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.
- F. **DOCUMENT SUBMISSION:** Certificates of Insurance, copies of required endorsements, notices of cancellations, and any other documentation as required by the insurance provisions of this Project shall be sent to University.