



# Insurance Requirements in Contracts

2.19.25

*Presented by*  
Marcus Beverly





Ever feel like  
this when  
dealing with  
contracts &  
insurance?



It doesn't  
have to be  
link that!  
We're here  
to help!



## Our Goal

Provide you with the tips to get **the most risk transfer** with the **least amount of effort.**

A photograph of a business meeting. In the foreground, a person's hand is holding a black pen over a document on a wooden table. Another person's hand is visible to the right, gesturing. In the background, a man in a dark suit and white shirt is gesturing with his hands. The scene is lit with warm, natural light from a window. A small bouquet of purple flowers is visible on the left side of the table.

# Caveat

Always consult with  
Legal/Risk Management  
before changing any  
contract requirements



# Outline

- ▶ **Introduction & Reference**
- ▶ **Section I**  
**Are you asking the right questions?**  
Risk Transfer & Identification
- ▶ **Section II**  
**Are you using the right language?**  
Contract & Insurance Specs
- ▶ **Section III**  
**Are you getting what you want?**  
Compliance & Claim Response

Insurance Requirements in Contracts (IRIC) Manual

# Introduction & Reference



# How to Locate the IRIC Manual

Alliant's Website

<https://www.alliant.com/risk-management/alliant-specialty/public-entity-education-and-pooling/>

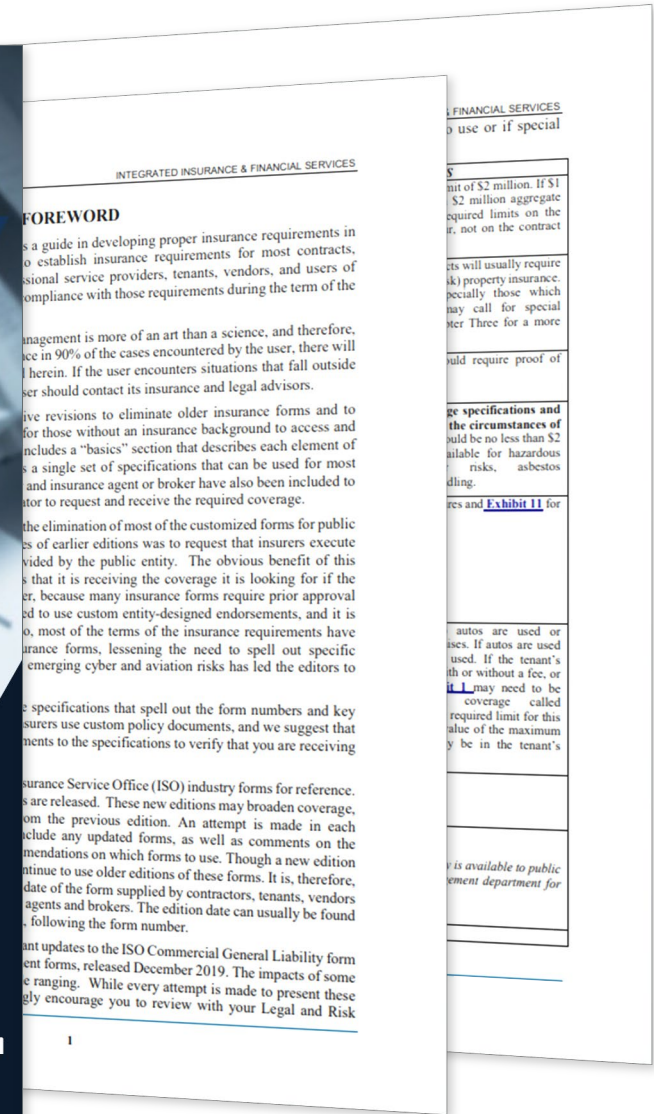
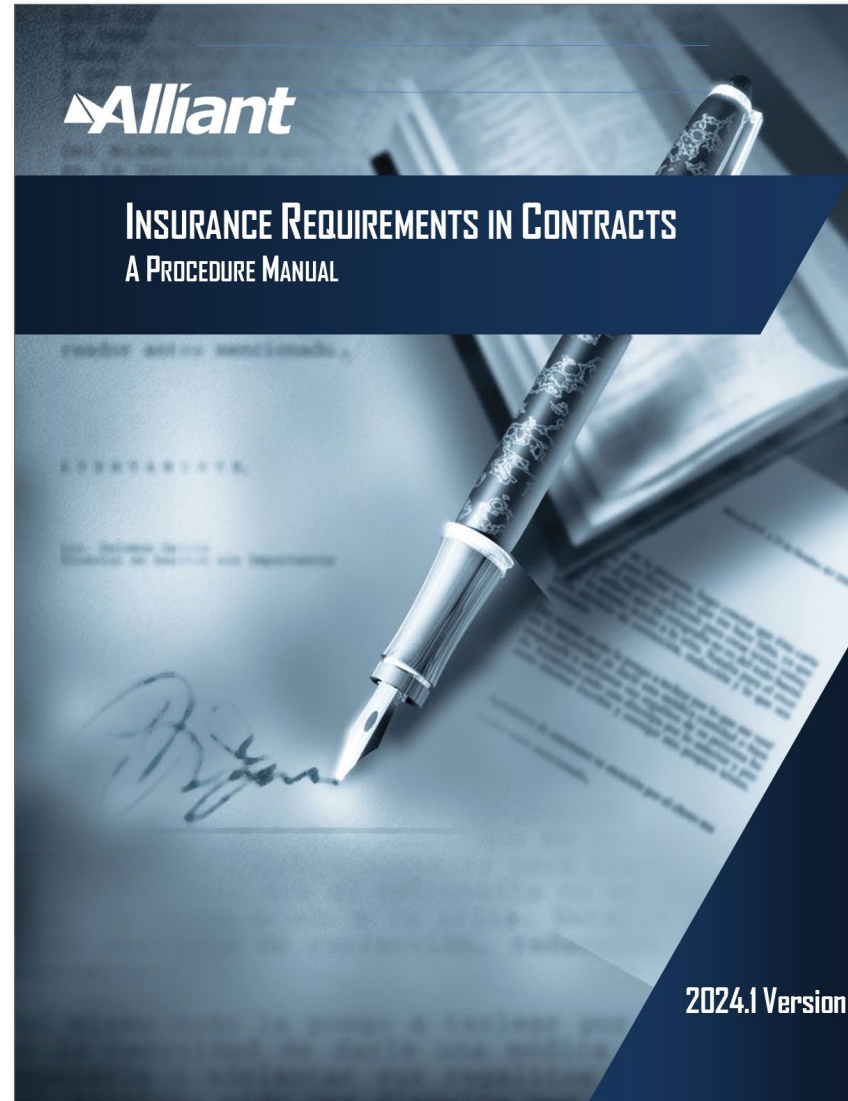


**Insurance Requirements in Contracts (IRIC)**  
Download IRIC:  
[PDF](#) | [Word](#)





# Navigating the IRIC Manual







Ctrl + Click  
to follow link

# Table of Contents

Links to Pages

**Alliant** INTEGRATED INSURANCE & FINANCIAL SERVICES  
**IRIC VERSION 2024.1**  
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*Insurance Requirements in Contracts* *2024.1 Version*  
 ii



# Nine Chapters & Fourteen Exhibits

## Insurance Specs For:

1. Most Contracts  
Exhibit 1 – Focus for Today
2. Professional Services
3. Lessees
4. Suppliers and/or Vendors
5. Construction Contracts
6. Environmental Contractors  
& Consultants
7. Information Technology - Cyber
7. Airports
8. Unmanned Aerial Vehicles  
(aka Drones)
9. Chartering Aircraft
10. Marine Related Risks
11. Short-term Rentals of Facilities  
(Special Events)
12. Instructors
13. Schools including Bus &  
Transportation Costs



# Glossary of Terms & Appendices

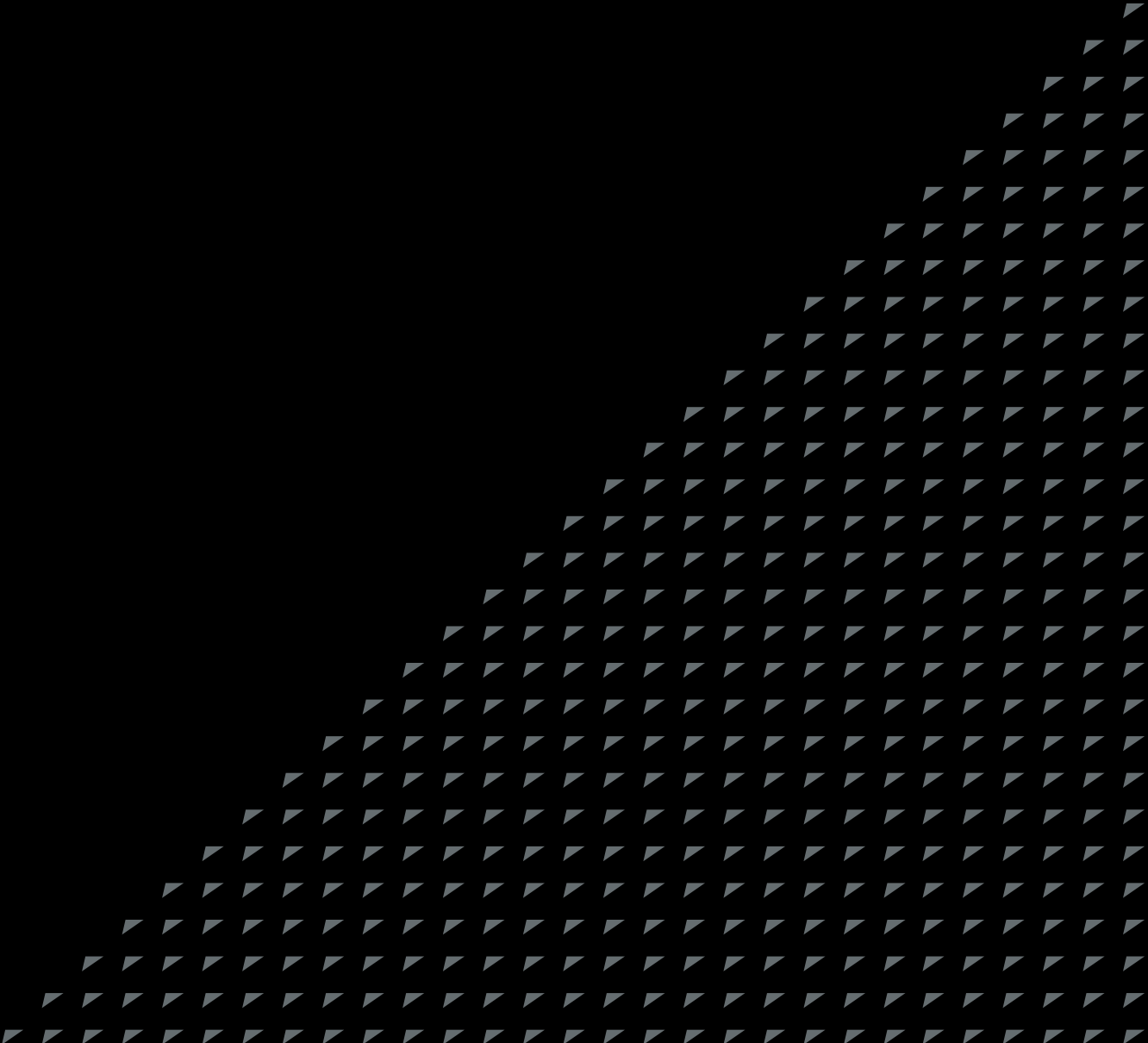
## Glossary

- ▶ Foreword
  - ▶ Emerging Trends
  - ▶ **Frequently Asked Questions (FAQs)**
  - ▶ Introduction – Why Bother?
  - ▶ Contractual Risk Transfer – The Basics
- 

- ▶ Appendix A      Risk Assessment
- ▶ Appendix B      Common Insurance Industry Forms
- ▶ Appendix C      Sample Hold Harmless Agreements
- ▶ **Appendix D      Sample Checklists**
- ▶ Appendix E      Resources

Are you asking the right questions?

# Section I





# Risk Transfer

## What is it?

- ▶ Assigning responsibility for loss and related damages to the contracting **party who controls the circumstances** that might lead to the loss
- ▶ Hold harmless or indemnification clause
- ▶ **Does NOT absolve you of liability**
- ▶ Promise of payment in event of a loss
- ▶ *Only as good as the person making the promise*



# Risk Transfer

## Why Require Insurance?

Hold Harmless gives you a *pocket to pick*.  
Insurance increases the chance there will  
be **money in the pocket**.

- ▶ Viability of contractor
- ▶ Want **endorsement** to the policy
  - **Additional insured status**
  - Separate contract providing protection





# Risk Transfer

## When to Do it?

Any time you have, *or should have*, a written agreement with someone

- ▶ Construction projects
- ▶ **Professional services**
- ▶ Outsourced functions
- ▶ Property leases
- ▶ Special events
- ▶ Recreational activities  
(+ waiver/assumption of risk)
- ▶ **Use of facilities**
- ▶ Permits



# Risk Transfer

## Why Bother?

- ▶ Can be liable for damages – have risk
- ▶ **Place risks with those able to control them**
- ▶ Rely on the expert
- ▶ Encourage safety
- ▶ **Source for payment of claims**
- ▶ Maintain project budget
- ▶ Maintain good loss history
  - Lower funding/premium





# What is the Risk?

Type of activity(ies)?

---

**Who or what could be harmed? How bad?**

---

Crowds likely to be involved? Alcohol?

---

Vehicles used, if any. Passengers?

---

**Professional liability exposure?**

---

Risk of Sexual Abuse and Molestation (SAM)?

---

Hazardous activities?

---

**Risk sufficient to reject bids not meeting specs?**

---

Check the IRIC Manual Checklists!

Are you using the right language?

# Section II



# What Type of Contract?

Using Your Contract  
Templates, or No?

## General Services:

for most contracts

## Construction:

for building projects or major remodeling

## Professional Services:

for architects, engineers, attorneys,  
accountants, medical, insurance,  
education, and *software developers*

## Leases and Rentals:

for long and short-term use of your real  
and/or personal property



# Who's Holding Who & How Much?

## Use Appropriate Hold Harmless Language

- ▶ **Defend** and indemnify
- ▶ Any and all claims, suits, proceedings
- ▶ Costs paid as incurred
- ▶ **Full extent as permitted by law**
- ▶ May vary based on type of contract
- ▶ Do not mix with insurance requirements



# Hold Harmless Language Depends on Contract

## General Contracts

All claims **except those arising from agency's sole negligence or willful acts**

## Construction Contracts

All claims except those arising from agency's sole **or active negligence** or willful acts

## Design Professional Contracts

All claims that arise out of, pertain to, or relate to, directly or indirectly, in whole or in part, the **negligence, recklessness, or willful misconduct of Consultant**, any Sub consultant, anyone directly or indirectly employed by them, or anyone that they control, except...



## Sample Language Hold Harmless

### Hold Harmless:

to the **fullest extent allowable by law**, contractor shall hold harmless, defend at its own expense, and indemnify Agency against **any and all liability**, claims, losses, damages or expenses, **including reasonable attorney's fees**, arising from all acts or omissions to act of contractor or its officers, agents or employees in rendering services under this contract; **excluding**, however, such liability, claims, losses, damages or expenses arising from Agency's **sole negligence or willful acts**.

\*ONLY use language approved by your attorney



## Sample Language Hold Harmless

### Including reasonable attorney's fees:

Under current standard insurance language, if the reimbursement of attorney's fees is not specifically added to the hold harmless, then the insurer is **not obligated** to pick up your defense costs.

**Additionally, the new Commercial General Liability form restricts defense costs to only those lawsuits involving issues that are covered perils under the contractor's insurance**



# Note on Mutual Hold Harmless

- ▶ **Most of the time you shouldn't do it!**
- ▶ Party who controls the circumstances should provide hold harmless
- ▶ If you are paying for a service, you should be indemnified by the other party
- ▶ You WANT to be indemnified even if you are a % at fault.
- ▶ Agree on % of indemnity **up front** for *Shared Services Agreements!*



If you do use Mutual HH – is the Scope of Services clear & comprehensive?





# Use Proper Insurance Specs

- ▶ Use the Specs in the IRIC Chapter most applicable to the risk and the contract template you are using
- ▶ Look at the whole contract scope not just the insurance or indemnity
- ▶ Be specific and avoid terms that do not have meaning in the insurance industry – *Commercial General Liability* v. *Comprehensive or Public Liability*



**Don't be afraid to ask for coverage you are willing to pay for!**

We will use Exhibit 1, For Most Contracts, as Example



# Minimum Scope of Coverage

- 1. Commercial General Liability**
- 2. Commercial Auto Liability**
- 3. Workers' Compensation & Employer's Liability**
4. Professional Liability *(if applicable)*
5. Excess or Umbrella Liability *(if needed)*



# Exhibit 1 Most Contracts

See IRIC handouts for more of the exhibit

## Exhibit 1: Insurance Requirements for Most Contracts

(Not for Construction Contracts)

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Contractor, his agents, representatives, employees or subcontractors.

### MINIMUM SCOPE AND LIMIT OF INSURANCE

- 1. Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
- 2. Automobile Liability:** ISO Form Number CA 00 01 covering **any auto** (Code 1), or if Contractor has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
- 3. Workers' Compensation:** as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
- 4. Professional Liability (Errors and Omissions):** Insurance appropriate to the Contractor's profession, with limit no less than **\$2,000,000** per occurrence or claim, **\$2,000,000** aggregate. *(If applicable - see footnote next page)*

**Exhibit 1:**  
**Insurance Requirements for Most Contracts**  
**(Not for Construction Contracts)**

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Contractor, his agents, representatives, employees, or subcontractors.

**MINIMUM SCOPE AND LIMIT OF INSURANCE**

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers’ Compensation:** as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
4. **Professional Liability (Errors and Omissions):** Insurance appropriate to the Contractor’s profession, with limit no less than **\$2,000,000** per occurrence or claim, **\$2,000,000** aggregate. *(If applicable – see footnote next page)*

If the Contractor maintains broader coverage and/or higher limits than the minimums shown above, the Entity requires and shall be entitled to the broader coverage and/or the higher limits maintained by the contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Entity.

**Other Insurance Provisions**

The insurance policies are to contain, or be endorsed to contain, the following provisions:

***Additional Insured Status***

The Entity, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor’s insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 if a later edition is used).

***Primary Coverage***

For any claims related to this contract, the Contractor’s insurance coverage shall be primary coverage at least as broad as ISO CG 20 01 04 13 as respects the Entity, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Entity, its officers, officials, employees, or volunteers shall be excess of the Contractor’s insurance and shall not contribute with it.

***Notice of Cancellation***

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the Entity.

### ***Waiver of Subrogation***

Contractor hereby grants to Entity a waiver of any right to subrogation which any insurer of said Contractor may acquire against the Entity by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the Entity has received a waiver of subrogation endorsement from the insurer.

### ***Self-Insured Retentions***

Self-insured retentions must be declared to and approved by the Entity. The Entity may require the Contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or Entity.

### ***Acceptability of Insurers***

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the Entity.

### ***Claims Made Policies (note – should be applicable only to professional liability, see below)***

If any of the required policies provide claims-made coverage:

1. The **Retroactive Date** must be shown and must be before the date of the contract or the beginning of contract work.
2. **Insurance must be maintained**, and evidence of insurance must be provided **for at least five (5) years after completion of the contract of work.**
3. If coverage is canceled or non-renewed, and not replaced **with another claims-made policy form with a Retroactive Date prior to** the contract effective date, the Contractor **must purchase "extended reporting" coverage** for a minimum of **five (5) years** after completion of work.

### ***Verification of Coverage***

Contractor shall furnish the Entity with original Certificates of Insurance including all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) and a copy of the Declarations and Endorsement Page of the CGL policy listing all policy endorsements to Entity before work begins. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The Entity reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

### ***Special Risks or Circumstances***

Entity reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

**Note 1:** *Professional liability insurance coverage is normally required if the Contractor is providing a professional service regulated by the state. (Examples of service providers regulated by the state are insurance agents, professional architects and engineers, doctors, certified public accountants, lawyers, etc.). However, other professional Contractors, such as computer or software designers, and services providers such as claims administrators, should also have professional liability. If in doubt, consult with your risk management or insurance advisors.*

**Note 2:** *We strongly recommend obtaining a copy of the policy declarations and endorsement page (make this a requirement in your Contract) to facilitate verification of coverages and spot any undesirable policy limitations or exclusions.*



# Typical Contractor Insurance Program

<b>\$5 Million Umbrella</b>	<b>or Excess Liability</b>			<b>Unlimited "Statutory"</b>	<b>Replacement Cost</b>	<b>Contract \$</b>
\$1 million	Business Auto Liability	Commercial General Liability	Employers Liability	Workers' Compensation	Property, Including Builders Risk (aka Course of Construct-ion)	<b>Bonds</b> <ul style="list-style-type: none"> <li>• Bid</li> <li>• Performance</li> <li>• Payment</li> </ul>
S.I.R. or Deductible						



# Commercial General Liability

Includes the following types of coverage:

- ▶ Bodily injury
- ▶ Property damage
- ▶ Personal injury (libel, slander, defamation)
- ▶ Advertising injury (trademark)
- ▶ **Products & Completed Operations** – must have for any product liability or construction exposures.
  - **Ongoing Operations** coverage is standard and applies only while operations are being performed.
  - May only need ongoing operations for some services, such as a teacher for a recreation class.



# Automobile Liability

"Take the Pool Car"

- ▶ Important for any work or service involving the use of motor vehicles, and a legal requirement for all vehicle owners.
- ▶ **Additional Insured Status – generally Included in Policy Form**
- ▶ **Business Auto Coverage Form**
- ▶ The following are "insureds":
  - a. You for any covered "auto".
  - b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:
    - (2) Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household.
  - c. Anyone liable for the conduct of an "insured" described above but only to the extent of that liability.





# Excess or Umbrella Liability

- ▶ This type of policy "lies above" primary liability policies to provide higher limits
- ▶ It provides coverage in excess of reduced or exhausted underlying limits
- ▶ Umbrella will provide some coverage not found in the CGL, AL, or EL. Excess coverage will not.
- ▶ **Typical example = \$4M xs \$1M, provides total of \$5M.**



# Workers' Compensation & EL

## Coverage A:

### Workers' Compensation

- ▶ **Statutory benefits – no limit**
- ▶ Critical that all subcontractors carry
- ▶ **N/A to sole proprietor &/or if have no employees**

## Coverage B:

### Employer's Liability (EL)

- ▶ \$1,000,000 limit common
- ▶ Covers “dual capacity” and other exceptions to exclusive remedy of workers' compensation
- ▶ This is **NOT Employment Practices Liability**



# Coverage Requirements in SOME Contracts

- ▶ Professional Liability (Errors and Omissions)
- ▶ Cyber Liability (Chapter 4)
- ▶ Crime/Fidelity Coverage
- ▶ Property Insurance
- ▶ Environmental Liability (Chapter 3)
- ▶ Aviation Liability – Drones (Chapter 5)
- ▶ Marine Liability
- ▶ Sexual Molestation & Abuse (Chapter 8)



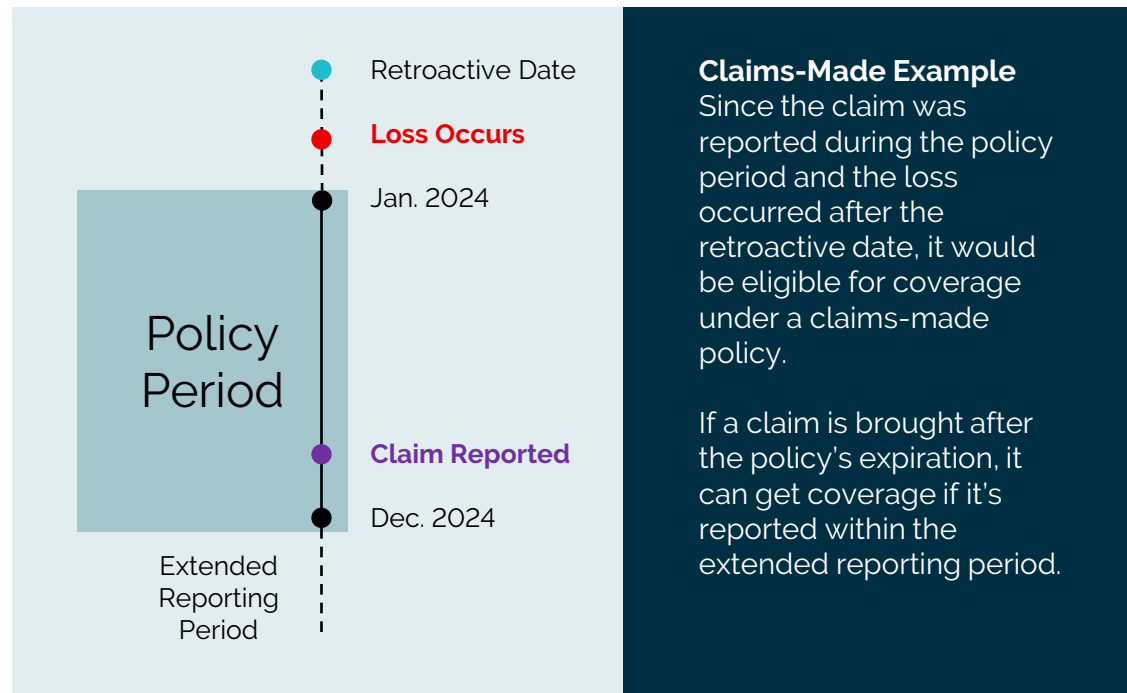
# Professional Liability

- ▶ “Errors & Omissions” (E&O) insurance
- ▶ Architects, engineers, attorneys, medical, insurance, education, finance, public officials
- ▶ **“Claims made” vs. “Occurrence” trigger**
- ▶ Policy in force on date **claim is made** (vs. date of occurrence causing damage) pays for loss
- ▶ Consider requiring insurance for 3-5 or more years after completion for construction projects or SAM exposures

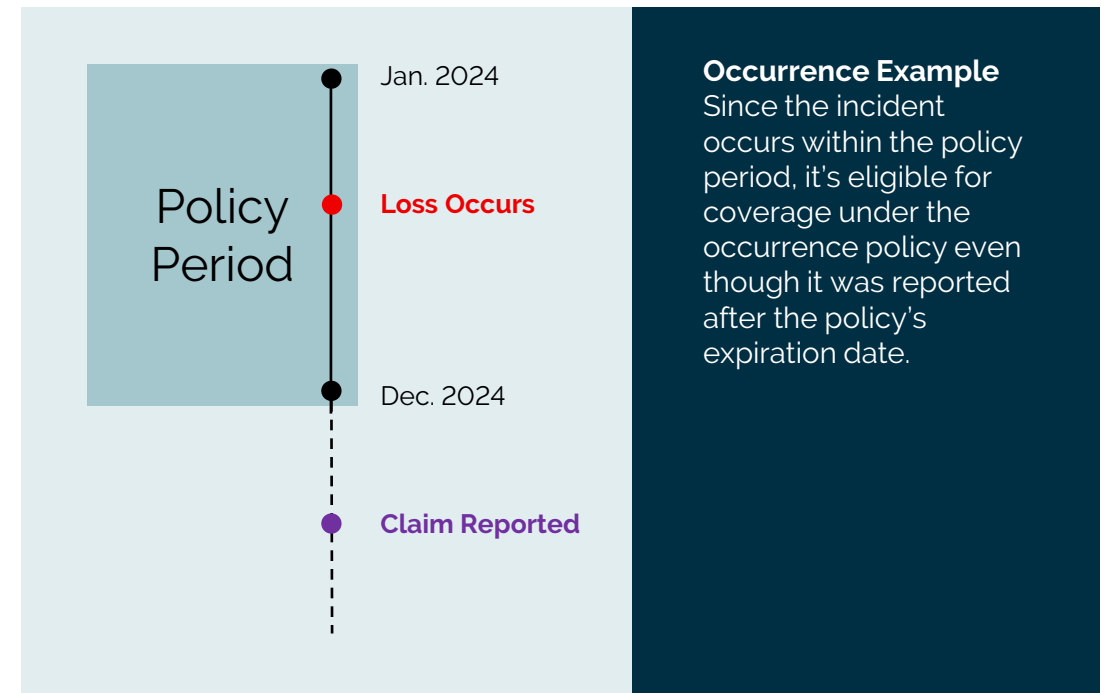


# What is Claims Made Coverage?

**Claims Made** – “trigger” of coverage is when claim is reported. Loss is covered if occurred after retro date and reported within policy or extended reporting period.



**Occurrence** – “trigger” of coverage is when loss occurs, regardless of when reported (can be years later).





# SAM Coverage

- ▶ Sexual Abuse and Molestation: Applicable when Consultants/ Professionals are working with minors on a one-on-one basis without supervision, or if left alone with minors for any reason.
- ▶ Standard Commercial General *and* Professional Liability policies *exclude coverage* for claims involving sexual abuse.
- ▶ Must have endorsement or customized policy such as **Educators Legal Liability**.
- ▶ See coverage requirements in the IRIC Chapters for Consultants, Bus Operators, Renters of Facilities, Charter Schools, and Security Personnel.
- ▶ **Claims-made coverage – report ASAP!**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ABUSE OR MOLESTATION COVERAGE**

This endorsement modifies insurance provided under the following:  
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

**SCHEDULE**

Coverage	Limits of Insurance	Advance Premium
Abuse or Molestation	\$ _____ per person, per occurrence.  \$ _____ aggregate per policy period.	* See policy schedule

With respect to coverage provided by this endorsement, the provisions of the Commercial General Liability Coverage Form apply unless modified by this endorsement.

In consideration of the premium charged, the following is added to Section I, Coverage A:

**A. COVERAGE**

**1. Insuring Agreement**

We will pay those sums the insured becomes legally obligated to pay as damages that result in "bodily injury", "property damage", "personal and advertising injury", or any other injury because of abuse, molestation or exploitation arising from negligent employment, training, investigation, reporting to the proper authorities, or failure to so report, or retention and supervision of a person for whom any insured is or ever was legally responsible. Coverage includes the actual, alleged, or threatened abuse, molestation or exploitation by anyone of any person while in the care, custody or control of any insured.

The term "bodily injury" includes mental anguish or emotional distress.

**2. Exclusions**

This insurance does not apply to:

- a. Costs, fines or penalties incidental to or arising from any criminal investigation or prosecution regarding abuse, molestation, or exploitation;
- b. Any obligation to pay fines, penalties, punitive damages, exemplary damages or aggravated damages;
- c. Any person who takes part in inflicting abuse, molestation, or exploitation upon another person; or
- d. Any person who remains passive upon gaining knowledge of any actual, alleged, or threatened abuse, molestation, or exploitation committed by an "employee" or "volunteer worker" of the insured.



# Software E&O vs. Cyber Coverage

- ▶ **Software E&O** will cover damages arising from developer's professional negligence, not necessarily damages due to a cyber breach.
- ▶ **Cyber Coverage** will pay for damages to the insured, including cyber extortion and business interruption, as well as damages to third parties, including required privacy notifications, credit monitoring, and regulatory agency defense.
- ▶ This is also claims-made coverage – report ASAP!
- ▶ **Chapter 4 – Exhibit 7 Specs**



# Other Insurance Requirements

- ▶ **Additional insured** status
- ▶ Contractor insurance is **primary**
- ▶ **Waiver of subrogation** – Work Comp, too
- ▶ Deductible or SIR declared/approved
- ▶ A.M. Best rating – A:VII or otherwise acceptable
- ▶ Notice of cancellation
- ▶ Claims Made Policy extension
- ▶ **Special Risks or Circumstances**

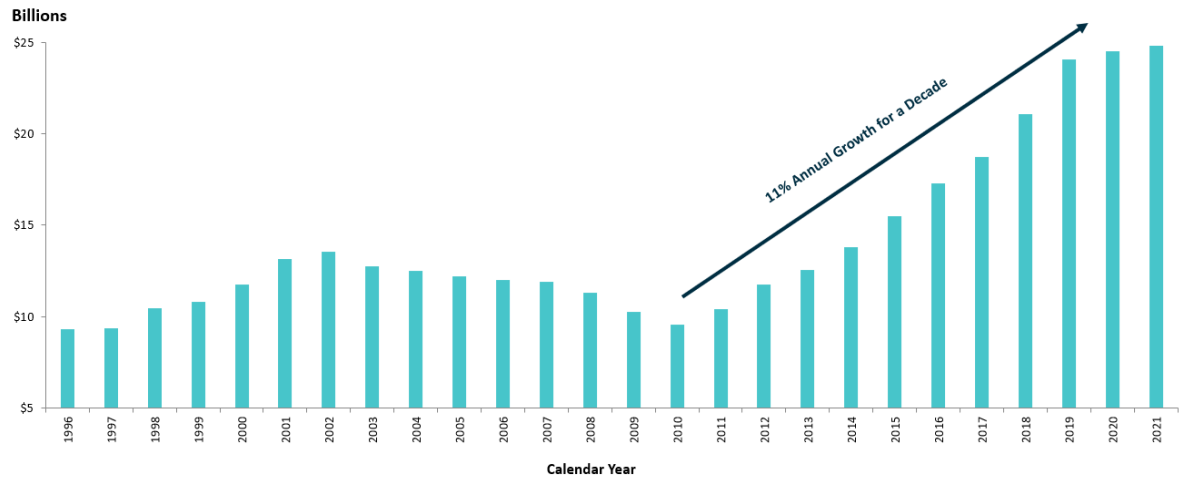




# How Much Coverage is Enough?

- ▶ Tort Costs increased over 75% since 2001 (An average annual increase of 8.7% over the past 60 years!!!)
  - \$1 million in 1986 is over \$4 million today with PV based on COLA
  - \$1 million in 1986 is over \$9 million today with PV based on tort inflation
  
- ▶ Jury Verdicts Continue to Rise
  - Verdicts over \$20 million increased in 2019, up 300 percent from a decade earlier.
  - Median jury awards in injury cases more than tripled from 2009 to 2017.
  - The median cost of the top 50 single plaintiff bodily injury verdicts in the US rose from around \$28m in 2014 to just over \$54m in 2018.
  
- ▶ Analyze the Exposure
  
- ▶ Maximum Possible vs. Maximum Probable Loss

**Upward Trend in Liability Claims**





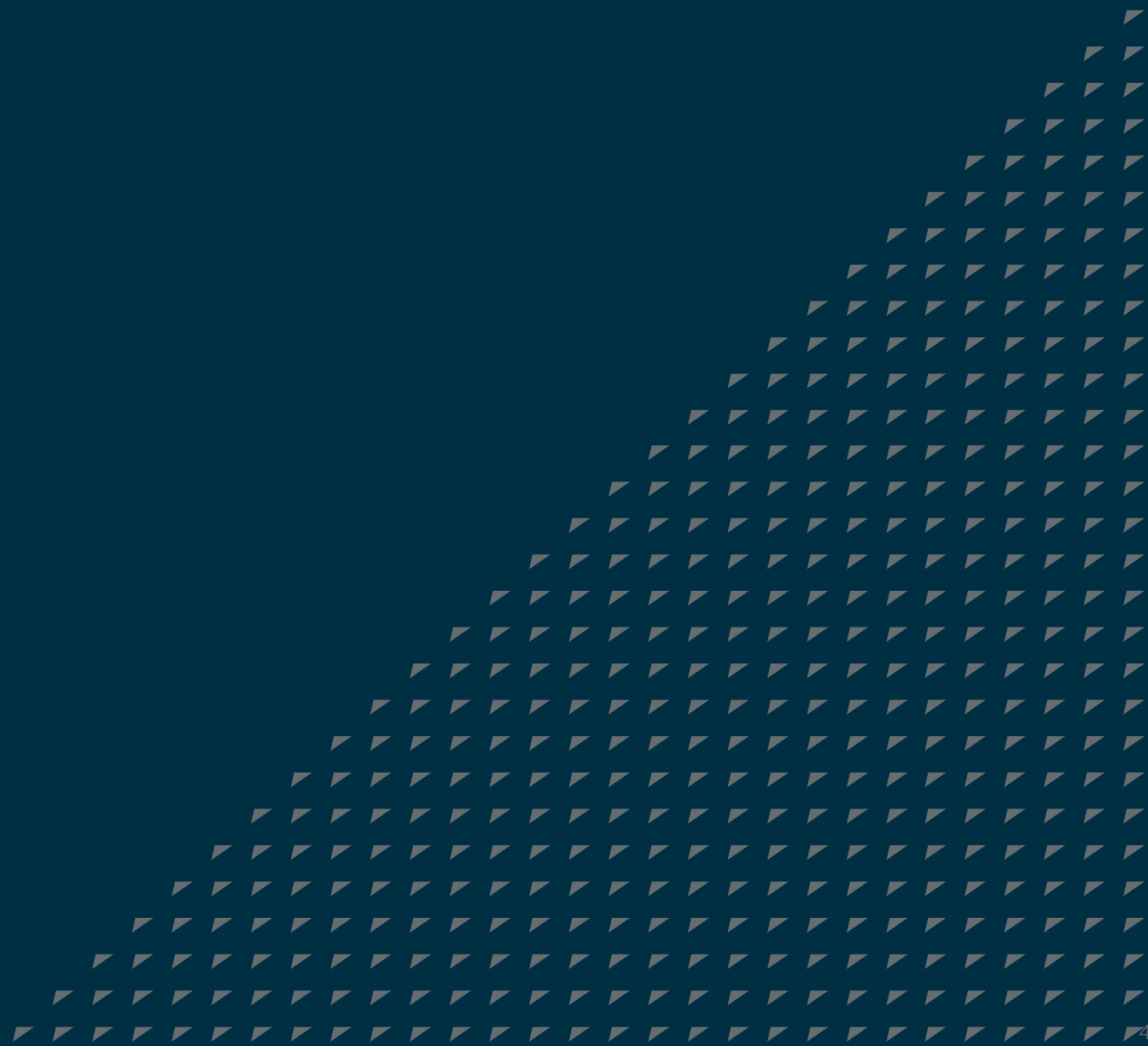
# What Limits Are Reasonable Today?

## Limits – General Liability

- ▶ \$1 million per occurrence and \$2 million aggregate is minimum
  - This has been the requirement since 1991 (CPI \$1,750,000)
  - **We now recommend \$2 million/\$4 million**
- ▶ \$3 million for construction trades, food service, swimming, SAM, etc.
- ▶ \$5-10 million for general contractors, welding, crowds, childcare, toxics, etc.
- ▶ \$10 million or more for tunneling, blasting, large construction projects
- ▶ IRIC Manual can help guide through appropriate limit decisions

Are you getting what you want?

# Section III





# Verify Compliance

- ▶ Notification of requirements early
- ▶ Obtain before contract signed!
- ▶ **Need at least two pieces of paper:**
  1. Certificate of Insurance
  2. Additional Insured Endorsement  
**Or proof of “automatic” (blanket) status in policy language**





# Certificate of Insurance

- ▶ Examples following (and in Appendix D of IRIC)
- ▶ **For information ONLY** – does not amend, extend or alter the policy coverage
- ▶ Adding the Agency as additional insured in Section 9 does not endorse the policy!





# Annotated Sample Certificate in the IRIC Manual

Please refer to the IRIC Sample Certificate and Endorsements

**2** This notice confirms the provisions of the California Insurance Code, §384. Other states have similar provisions. It states that the policy, not the certificate governs coverage.

**CERTIFICATE OF LIABILITY INSURANCE** DATE (MM/DD/YYYY)

IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS IS NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES. CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED OR PRODUCER, AND THE CERTIFICATE HOLDER.

certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the provisions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder.

**1** This block identifies the Agent or Broker.

**4** The insured is your entity's contractor or lessee.

**3** The insurer will be identified here. The insurer letter appears again near the left margin at "3" to show which insurer provides which coverage.

**COVERAGES** **CERTIFICATE NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR	TYPE OF INSURANCE	ADOL	SUBR	INSG	WVGR	NUMBER	POLICY EFF	POLICY EXP	LIMITS
LTLE							(MM/DD/YYYY)	(MM/DD/YYYY)	
*3	GENERAL LIABILITY								INCE \$
	COMMERCIAL GENERAL LIABILITY								NTED \$
	CLAIMS-MADE								OCUR \$
									PER \$
									SONAL & ADV INJURY \$
									GENERAL AGGREGATE \$
									PRODUCTS - COMP/OP AGG \$
									COVERED'S INST F LIMIT \$
									COV (Per accident) \$
									RY (Per person) \$
									RY (Per accident) \$
									DAMAGE \$
									RENCE \$
									OTI- \$
									IDENT \$
									-EA EMPLOYEE \$

**3** This notice again states that the policy supersedes the certificate form.

**6** These sections show the type of coverage provided through the agent or broker identified in "1" above. If the insured uses more than one broker, this certificate will not identify all existing.

**7** These two columns show inception and expiration dates for policies identified. Pay special attention that coverage does not expire before or during your project or lease.

**8** This column identifies limits per occurrence and aggregate for each type of coverage afforded. Pay special attention to low aggregate limits for public works-type contractors. Losses on other jobs may reduce your coverage.

**9** This section will usually be used to restrict coverage to a specific job or lease. Watch for restrictions that would omit the coverage required by your specifications.

**11** Cancellation provisions

**10** Certificate holder is your entity.

**12** The authorized representative of the insurer should be an employee, unless the agent or broker is specifically authorized to sign on behalf of the company.

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# Certificate of Insurance

The certificate holder should always be the Agency or entity contracting for services.

- ▶ Do not limit to a department or subsidiary
- ▶ Do specify who should receive it
  - **Attention:** Contract Manager

The certificate should be signed





# Check Certificate For Compliance

See Checklist for Evidence of  
Insurance in Appendix D of  
the IRIC Manual

- ▶ Confirm name of insured
- ▶ Date(s) of coverage
- ▶ **Limits, including aggregate**
- ▶ Auto liability covers “any auto”
- ▶ **Description of operations, locations correct**
- ▶ Check out insurers – [www.ambest.com](http://www.ambest.com)



# Additional Insured Endorsement

- ▶ MUST have to amend the policy (or equivalent “automatic” language in the policy)
- ▶ Insurer endorsement may or may not be on ISO form – equivalent wording OK.
- ▶ ISO changes to CGL policy and endorsements in April 2013 and December 2019
- ▶ **Will usually need two endorsements** – one for ongoing operations and one for completed operations or “your work”.

**ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – (FORM B)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

**SCHEDULE**

**Name of Person or Organization:**

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of your work for that insured by or for you.



# Why Care About Additional Insured Status?

## Hold Harmless = “**Insured** Contract”

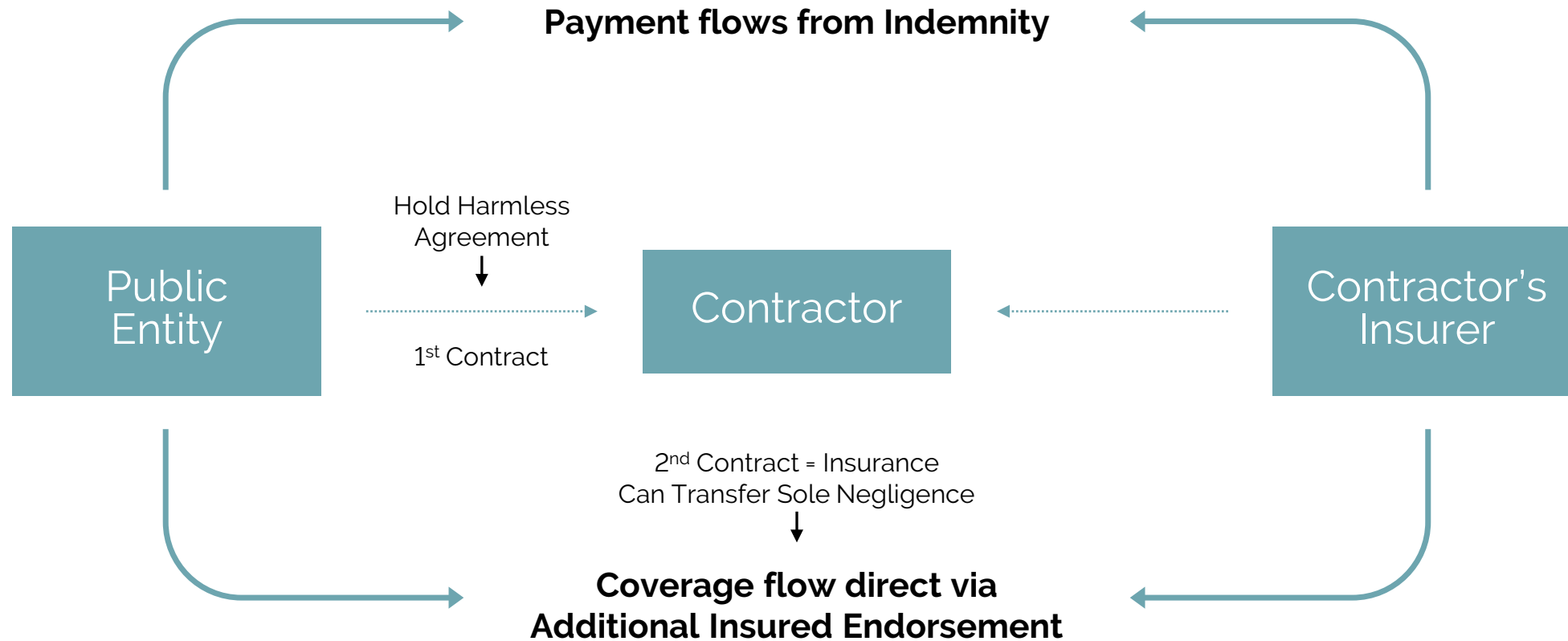
- ▶ **Insurer must protect contractor only**
- ▶ Insurer should honor terms of HH agreement
- ▶ Potential for disputes over liability, legal defense, up-front payment and coverage more likely

## Additional Insured = **Insurance** Contract

- ▶ **Insurer must also protect Agency**
- ▶ Less potential for disputes
- ▶ Duty to defend/pay as costs incurred



# Hold Harmless vs. Additional Insured





# Additional Insured Endorsement

- ▶ The most preferred insurer endorsement is ISO Form Number **CG 20 10 11 85**, covering damages arising from “your work.”
  - **Covers both** “products and completed operations” as well as “ongoing operations”. May cover your sole negligence.
- ▶ Newer endorsement forms that are acceptable
  - **CG 2010** = “ongoing operations”
  - **CG 2037** = “your work” = “products – completed operations hazard”
- ▶ Must have both to get same coverage as the 11 85 form, but with no sole negligence possible.
- ▶ Later versions often must be accepted



# Additional Insured (AI) Endorsements

Based on Insured Relationship to AI

Insured Relationship to AI for Coverage	Doing <u>Work For AI</u> with a Contract requirement <i>regardless of Privity</i>		Doing <u>Work For AI</u> , with Privity, but No Subs	<u>No Contract</u> "With You" (No Privity) & <u>No Work For</u> Additional Insured	
	Scheduled	Automatic*	Automatic**	Automatic*	Designated
Type of Endorsement					
Ongoing Ops Form #	20 10	20 38	20 33	20 43	20 42 & 20 26
Completed Ops Form #	20 37	20 40	20 39	NONE from ISO	NONE from ISO

\*ONLY if required in written contract or agreement

\*\*ONLY if required in a written contract "With You" (Privity).

**For Automatic Status, Form Numbers 20 38 and 20 40 should be required rather than the 20 33 and 20 39.**

Use form 20 33 and 20 39 ONLY when you are SURE there are no subs being used that have NO contract "With You"

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADDITIONAL INSURED – OWNERS, LESSEES OR  
CONTRACTORS – SCHEDULED PERSON OR  
ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**SCHEDULE**

Name Of Additional Insured Person(s) Or Organization(s)	Location(s) Of Covered Operations
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B.** With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.



C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or

2. Available under the applicable limits of insurance;

whichever is less.

This endorsement shall not increase the applicable limits of insurance.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

# **ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

### SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)	Location And Description Of Completed Operations

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the Schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B.** With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
  2. Available under the applicable limits of insurance;
- whichever is less.

This endorsement shall not increase the applicable limits of insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – AUTOMATIC STATUS FOR OTHER PARTIES WHEN REQUIRED IN WRITTEN CONSTRUCTION AGREEMENT

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. Section II – Who Is An Insured** is amended to include as an additional insured:

1. Any person or organization for whom you are performing operations when you and such person or organization have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy; and
2. Any other person or organization you are required to add as an additional insured under the contract or agreement described in Paragraph 1. above.

Such person(s) or organization(s) is an additional insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

- a. Your acts or omissions; or
- b. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured described in Paragraph 1. or 2. above.

However, the insurance afforded to such additional insured described above:

- a. Only applies to the extent permitted by law; and
- b. Will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

A person's or organization's status as an additional insured under this endorsement ends when your operations for the person or organization described in Paragraph 1. above are completed.

**B.** With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

1. "Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:
  - a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
  - b. Supervisory, inspection, architectural or engineering activities.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering of, or the failure to render, any professional architectural, engineering or surveying services.

2. "Bodily injury" or "property damage" occurring after:
  - a. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or

b. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

The most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement described in Paragraph **A.1.**; or

2. Available under the applicable limits of insurance;  
whichever is less.

This endorsement shall not increase the applicable limits of insurance.

This endorsement modifies insurance provided under the following:

**BUSINESS AUTO COVERAGE FORM**

**A. Broad Form Named Insured**

The following is added to the **SECTION II – COVERED AUTOS LIABILITY COVERAGE**, Paragraph **A.1. Who Is An Insured** Provision:

Any business entity newly acquired or formed by you during the policy period, provided you own fifty percent (50%) or more of the business entity and the business entity is not separately insured for Business Auto Coverage. Coverage is extended up to a maximum of one hundred eighty (180) days following the acquisition or formation of the business entity.

This provision does not apply to any person or organization for which coverage is excluded by endorsement.

**B. Employees As Insureds**

The following is added to the **SECTION II – COVERED AUTOS LIABILITY COVERAGE**, Paragraph **A.1. Who Is An Insured** Provision:

Any “employee” of yours is an “insured” while using a covered “auto” you don’t own, hire or borrow in your business or your personal affairs.

**C. Blanket Additional Insured**

The following is added to the **SECTION II – COVERED AUTOS LIABILITY COVERAGE**, Paragraph **A.1. Who Is An Insured** Provision:

Any person or organization that you are required to include as an additional insured on this coverage form in a contract or agreement that is executed by you before the “bodily injury” or “property damage” occurs is an “insured” for liability coverage, but only for damages to which this insurance applies and only to the extent that person or organization qualifies as an “insured” under the Who Is An Insured provision contained in **SECTION II – COVERED AUTOS LIABILITY COVERAGE**.

The insurance provided to the additional insured will be on a primary and non-contributory basis to the additional insured’s own business auto coverage if you are required to do so in a contract or agreement that is executed by you before the “bodily injury” or “property damage” occurs.

**D. Blanket Waiver Of Subrogation**

The following is added to the **SECTION IV – BUSINESS AUTO CONDITIONS, A. Loss Conditions, 5. Transfer Of Rights Of Recovery Against Others To Us**:

We waive any right of recovery we may have against any person or organization to the extent required of you by a contract executed prior to any “accident” or “loss”, provided that the “accident” or “loss” arises out

of the operations contemplated by such contract. The waiver applies only to the person or organization designated in such contract.

**E. Employee Hired Autos**

1. The following is added to the **SECTION II – COVERED AUTOS LIABILITY COVERAGE**, Paragraph **A.1. Who Is An Insured** Provision:

An “employee” of yours is an “insured” while operating an “auto” hired or rented under a contract or agreement in that “employee’s” name, with your permission, while performing duties related to the conduct of your business.

2. Changes In General Conditions:

Paragraph **5.b.** of the **Other Insurance** Condition in the **BUSINESS AUTO CONDITIONS** is deleted and replaced with the following:

b. For Hired Auto Physical Damage Coverage, the following are deemed to be covered “autos” you own:

(1) Any covered “auto” you lease, hire, rent or borrow; and

(2) Any covered “auto” hired or rented by your “employee” under a contract in that individual “employee’s” name, with your permission, while performing duties related to the conduct of your business. However, any “auto” that is leased, hired, rented or borrowed with a driver is not a covered “auto”.

**F. Fellow Employee Coverage**

**SECTION II – COVERED AUTOS LIABILITY COVERAGE, Exclusion B.5.** does not apply if you have workers compensation insurance in-force covering all of your employees.

**G. Auto Loan Lease Gap Coverage**

**SECTION III – PHYSICAL DAMAGE COVERAGE, C. Limit Of Insurance**, is amended by the addition of the following:

In the event of a total “loss” to a covered “auto” shown in the Schedule of Declarations, we will pay any unpaid amount due on the lease or loan for a covered “auto”, less:

1. The amount paid under the **PHYSICAL DAMAGE COVERAGE** section of the policy; and

2. Any:

a. Overdue lease/loan payments at the time of the “loss”;



## Getting What You Want

- ▶ If at first, you are told the coverage is not available ask again!
- ▶ If you do not receive required coverage or endorsement, consider risk and options
- ▶ Special events or contractors' insurance available
- ▶ If project lasts beyond policy expiration set reminder for follow up 30 days prior



# Where to Draw the Line?

- ▶ At what point will the entity be so exposed that the proposed indemnity or insurance is too risky?
- ▶ Focus on the RISK, **before** the indemnification, **before** the insurance.
- ▶ Involve staff, experts and/or legal counsel in review of risk and language.
- ▶ Start from your best case and work your way backward
  - If you don't ask for higher limits you probably won't get them, even if they have.



# Keep Good Records Indefinitely

- ▶ Original bid specs, contract, addenda, support documentation
- ▶ Certificate(s) of insurance
- ▶ Additional insured endorsement
- ▶ Any other endorsements
- ▶ All correspondence concerning insurance or claims pertaining to the contract
- ▶ Copy of contractor's policy, if provided





# Report Claims Promptly

- ▶ Never assume contractor will report
  
- ▶ Advise contractor to report to insurer and follow up for confirmation
  
- ▶ Can report to broker or insurer directly, especially if severe damage and/or you are an additional insured
  
- ▶ Report to own TPA or insurer, particularly if contractor or insurer is unresponsive
  - They will process tender of claim and protect Agency



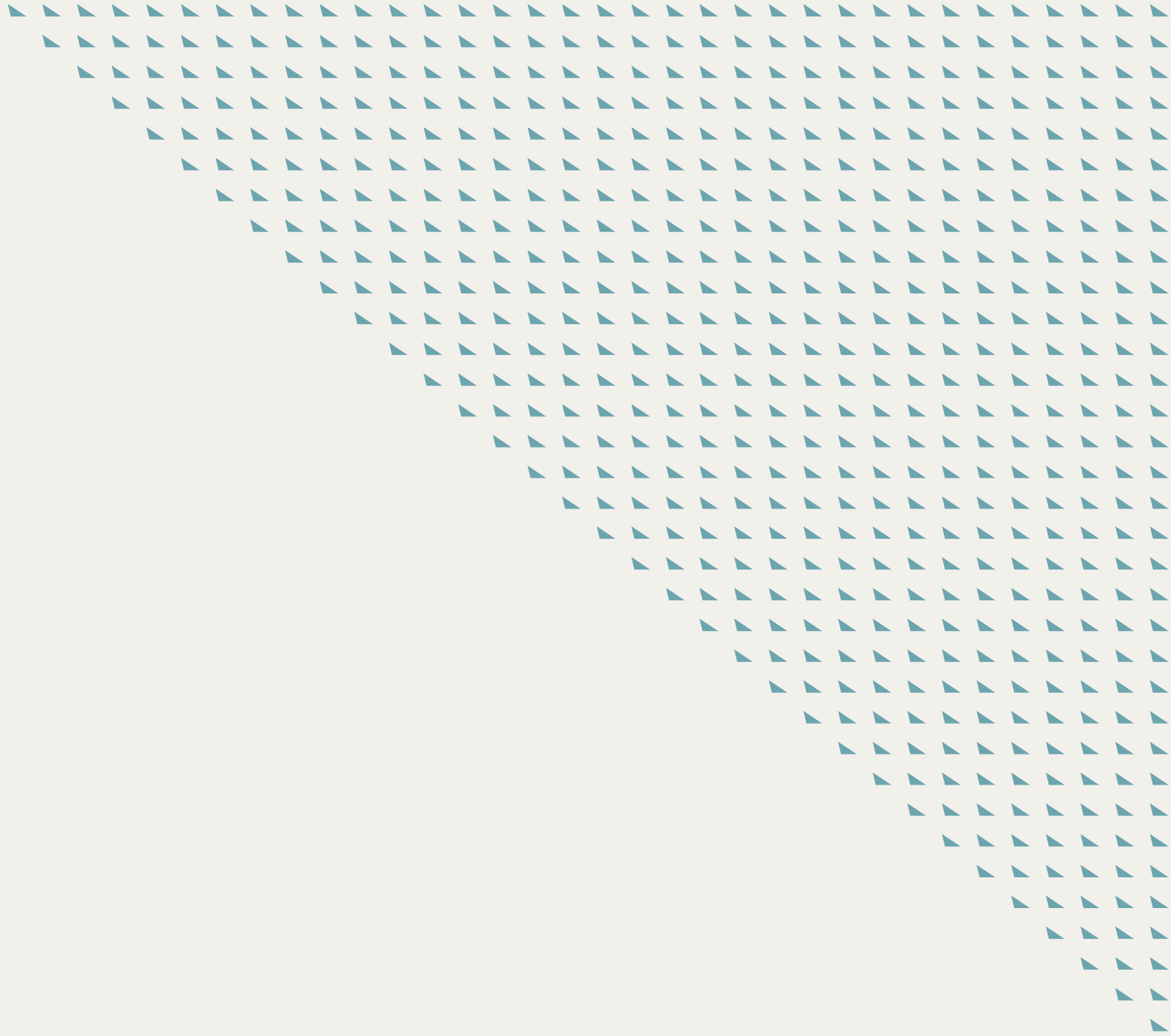
# Summary

Use the IRIC as a Guide

Ask the Right Questions  
Risk ID & Transfer

Use the Right Language  
Risk ID & Transfer

Get What You Asked for  
Compliance & Claim Response



# Questions?

Marcus.Beverly@alliant.com