

# Insurance Requirements in Contracts

Webinar For Alliant Clients  
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Ever Feel Like This When Dealing With  
Contracts & Insurance?





It Doesn't Have to Be Like That!



We're Here to Help



# Our Goal



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



## Caveat

Always Consult with Legal/Risk Management  
Before Changing any Contract Requirements

Terms and  
Conditions  
May Apply



# Presentation 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

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, set against a clear blue sky. The perspective creates a sense of height and architectural grandeur. The image is overlaid with a semi-transparent blue filter.

# Introduction & Reference

## Insurance Requirements In Contracts (IRIC) Manual

# How to Locate the IRIC Manual

Alliant's Website <https://alliant.com/Industry-Solutions/Public-Entity>



- ▼ Programs
- All Programs
- Automobile
- Construction
- Employee Benefits
- Equipment Maintenance
- Liability
- Property
- Workers' Compensation

## ► Business Services

### Public Entity Insurance Solutions

Public entities face property risks, liability exposures, and employee benefits needs that are significantly different than those faced by commercial businesses and corporations. Your organization needs an insurance broker that not only specializes in meeting the unique insurance, risk management, and benefits needs of public agencies similar to yours but also one that has earned a reputation for innovation and success in the public sector.

### Public Sector Insurance Leader

With more than 30 years of experience in the public sector, Alliant Insurance Services is an industry leader in providing highly successful strategies, services, and products for a complete range of public sector clients. We understand how public agencies are perceived in the insurance marketplace and how the operating environment of these organizations shapes their risk transfer approach and requirements.

What truly sets us apart is our extensive specialized expertise of the public entity insurance business, combined with our focus on developing innovative programs that meet the special needs of public agencies. Our public entity clients benefit from the most effective insurance solutions and comprehensive service in the industry.

### Our diverse public sector clients include:

- Airports
- Charter schools
- Cities and townships

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Lilian A. Vanveldt, educational entities practice leader, speaks to Insurance Journal on how COVID-19 is impacting insurance for schools

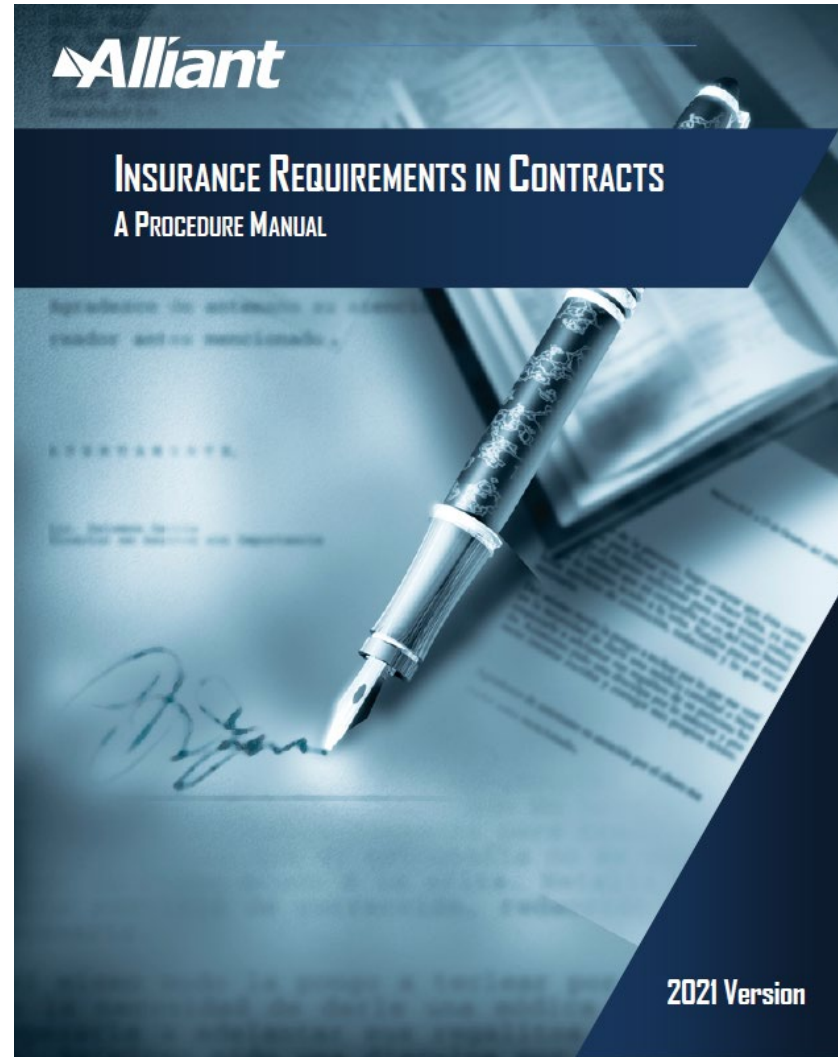
Insurance Requirements in Contracts (IRIC)  
Download IRIC:

PDF | Word

Insurance Requirements in Contracts (IRIC)  
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# NAVIGATING THE IRIC MANUAL



# Table of Contents – *Links to Pages*



INTEGRATED INSURANCE & FINANCIAL SERVICES

IRIC VERSION 2021

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Easiest Way to Navigate!



Ctrl + Click to follow link

# 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**
8. Airports
9. Unmanned Aerial Vehicles (aka Drones)
10. Chartering Aircraft
11. Marine Related Risks
12. **Short-term Rentals of Facilities**
13. Instructors
14. **Schools including Bus & Transportation Costs**

# Glossary of Terms & Appendices



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



## Section I

Are you asking the right questions?

**Alliant**

# 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 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

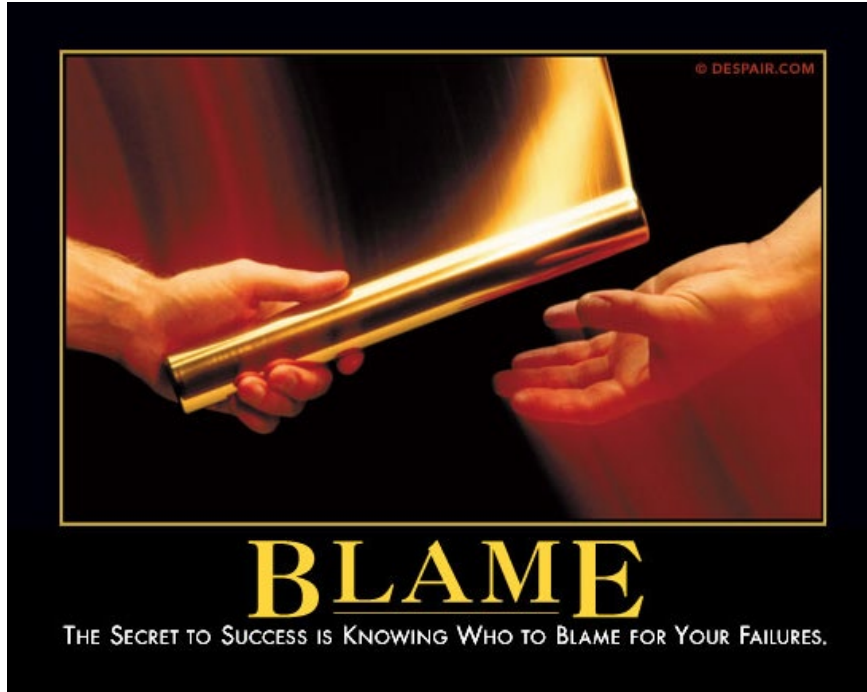


**Get it in  
Writing**

- Construction projects
- Professional services
- Outsourced functions
- Property leases
- Special events
- Recreational activities
- *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!*



## Section II

Are you using the right language?

Hold Harmless

Waiver of Subrogation

Insurance Specifications, Etc.

 **Alliant**



## 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

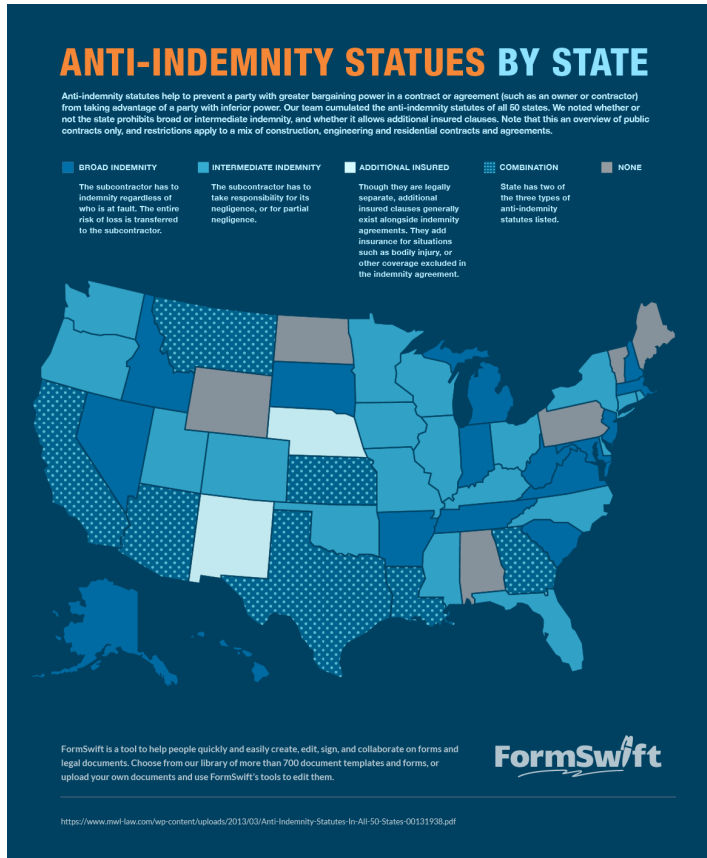
All claims except those arising from agency's sole negligence or willful acts

## Construction Contracts

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

## Design Professional Contracts

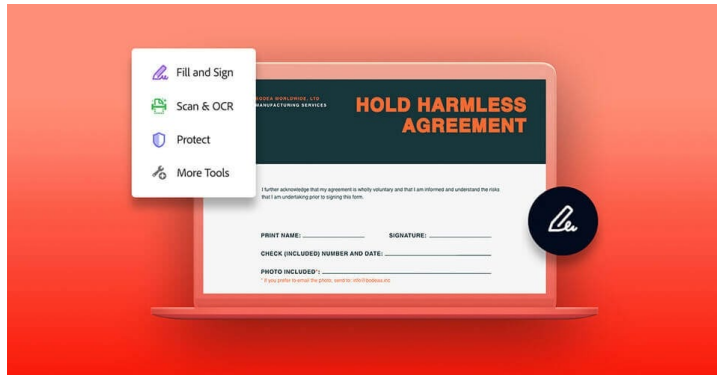
All claims that arise out of, pertain to, or relate to, directly or indirectly, in whole or in part, the negligence, recklessness, or willful misconduct of Consultant, any Sub consultant, anyone directly or indirectly employed by them, or anyone that they control, except ...



# Hold Harmless Sample Language\*

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





# Hold Harmless Sample Language\*

## 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*

**\* ONLY use language approved by your attorney**



# 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 –*  
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 handouts for more of the exhibit*

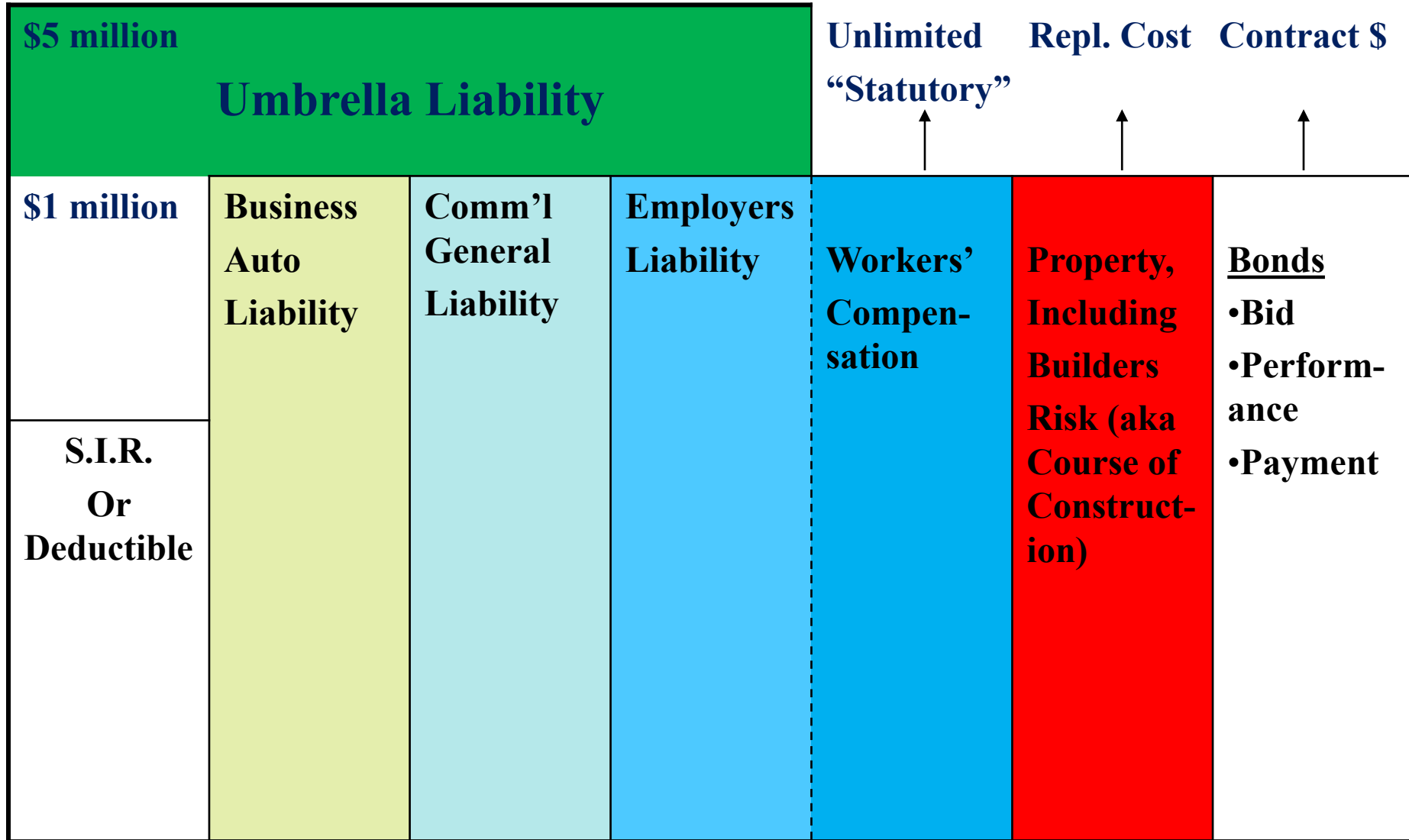
Exhibit 1:  
Insurance Requirements for Most Contracts  
(Not for Construction Contracts)

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)*

# Typical Contractor Insurance Program





# 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.

May not have for some service exposures, such as a teacher for a recreation class.

# Automobile Liability

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

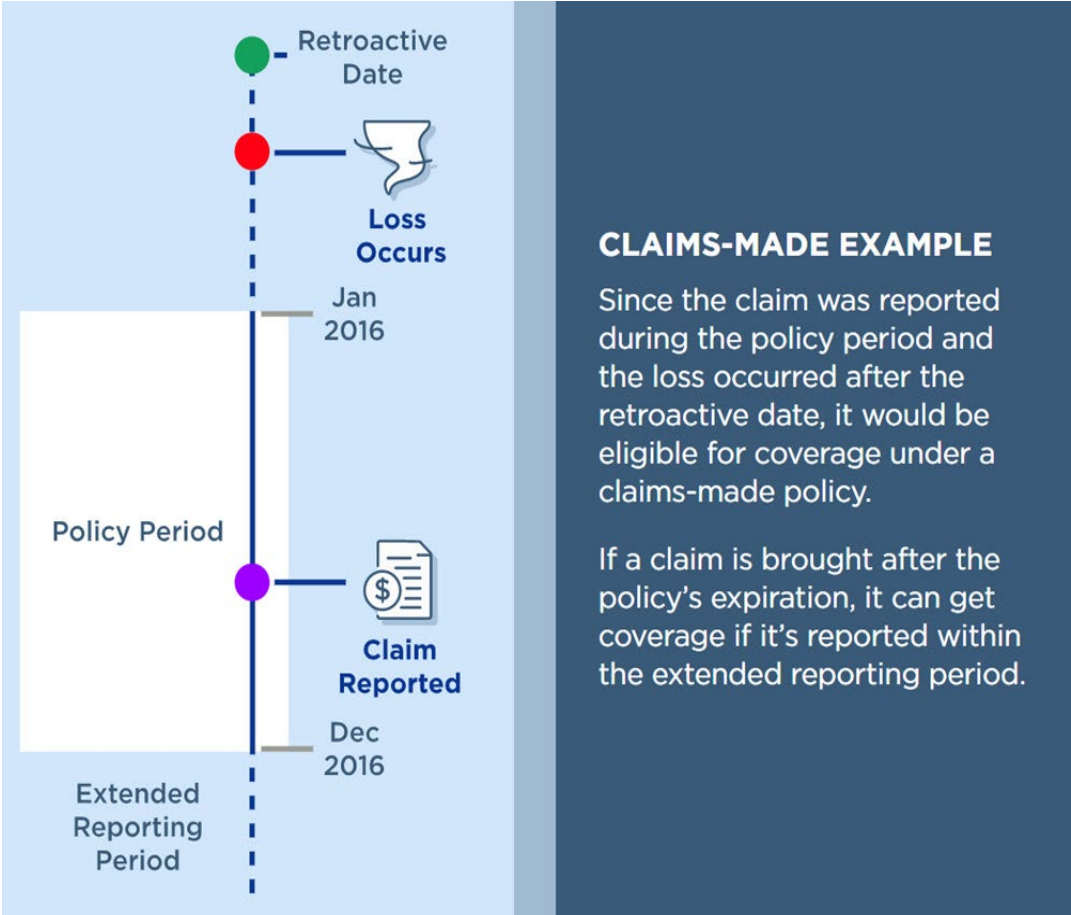
Policy in force on date **claim is made** (vs. date of occurrence causing damage) pays for loss

Consider requiring insurance for 3-5 or more years after completion for large projects or SAM exposures

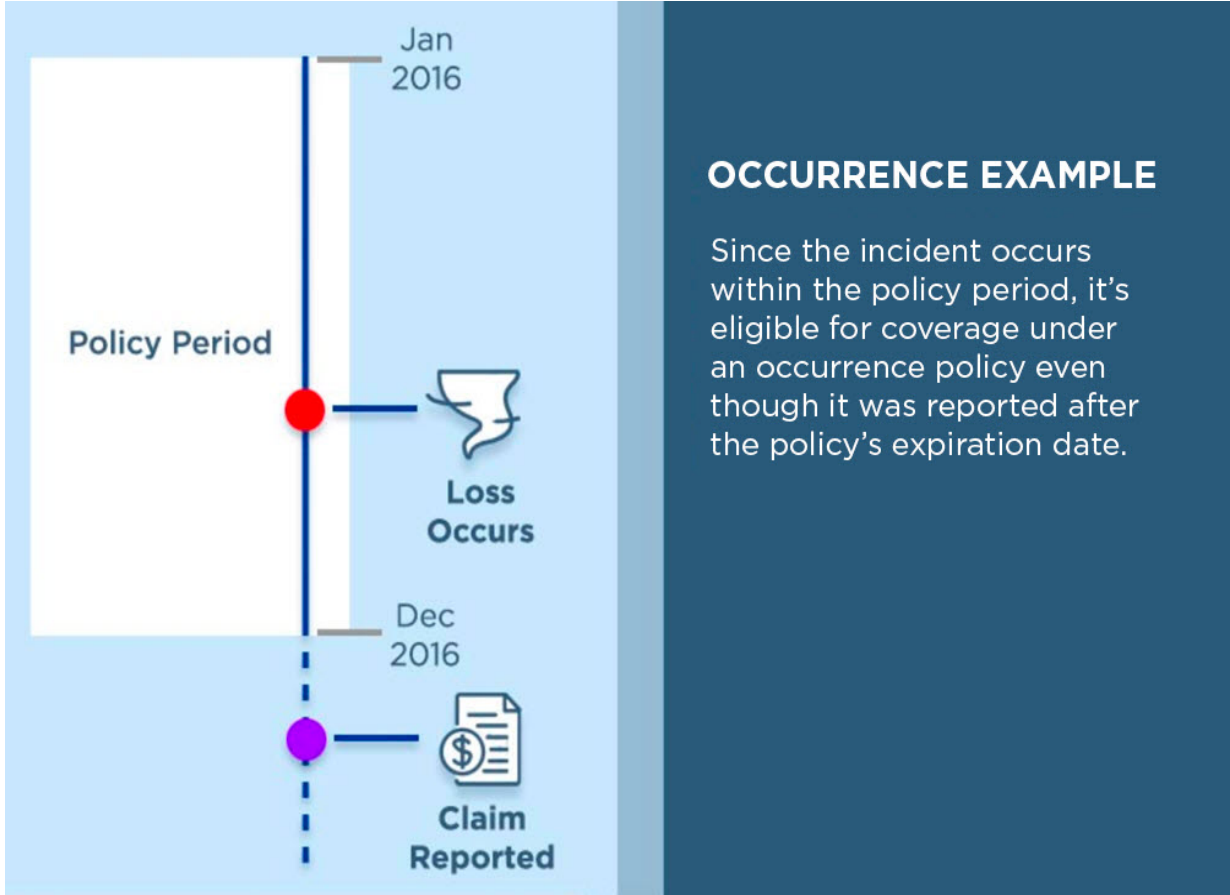


# What is Claims Made Coverage?

**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.**

**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.

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 IRM Chapters for Consultants, Bus Operators, Renters of Facilities, Charter Schools, and Security Personnel.

*Claims-made coverage – report ASAP!*

# Software E&O v. 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 personal 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



# 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

## Section III

Are you getting what you want?



**Alliant**

# 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

## Appendix B

Please refer to the handout 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)

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 OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED PRODUCER, AND THE CERTIFICATE HOLDER.

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

<p><b>PRODUCER</b></p> <p>This block identifies the Agent or Broker. <b>1</b></p>	<p><b>CONTACT</b></p> <p>NAME: _____ FAX (A/C, No): _____</p> <p>PHONE: _____</p> <p>(A/C, No, Ext): _____</p> <p>E-MAIL: _____</p> <p>ADDRESS: _____</p> <p>INSURER(S) AFFORDING COVERAGE: _____ NAIC # _____</p>
<p><b>INSURED</b></p> <p>The insured is your entity's contractor or lessee. <b>4</b></p>	<p>INSURER A: <b>3</b></p> <p>INSURER B: _____</p> <p>INSURER C: _____</p> <p>INSURER D: _____</p> <p>INSURER E: _____</p> <p>INSURER F: _____</p> <p>The insurer will be identified here. The insurer letter appears again near the left margin at "3" to show which insurer provides which coverage.</p>

**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 LTR	TYPE OF INSURANCE	ADOL SUBR INSR WVO	NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
*3	<b>GENERAL LIABILITY</b>					
	COMMERCIAL GENERAL LIABILITY					PER OCCURRENCE \$
	CLAIMS-MADE OCCUR					PER PERSON \$
	GEN'L AGGREGATE LMIT APPLIES PER POLICY PROJECT LOC					PERSONAL & ADV INJURY \$
	<b>AUTOMOBILE LIABILITY</b>					GENERAL AGGREGATE \$
	ANY AUTO					PRODUCTS - COMP/CP AGG \$
	ALL OWNED AUTOS	SCHEDULED AUTOS				COMBINED SINGLE LIMIT (EA accident) \$
	HIRED AUTOS	NON-OWNED AUTOS				PER PERSON \$
	<b>UMBRELLA LIAB</b>	OCCUR				RY (Per accident) \$
	<b>EXCESS LIAB</b>	CLAIMS-MADE				SAVAGE \$
	DED RETENTION \$					REFERENCE \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>					UTLTY \$
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N				OTLTY FR \$
	If yes, describe under DESCRIPTION OF OPERATIONS below	N/A				CIDENT \$
						EA EMPLOYEE \$

**5** 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.

ACORD 25 (2010/05)      CORPORATION. All rights reserved.



# 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\*



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)

\* See Checklist for Evidence of Insurance in Appendix D



# 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

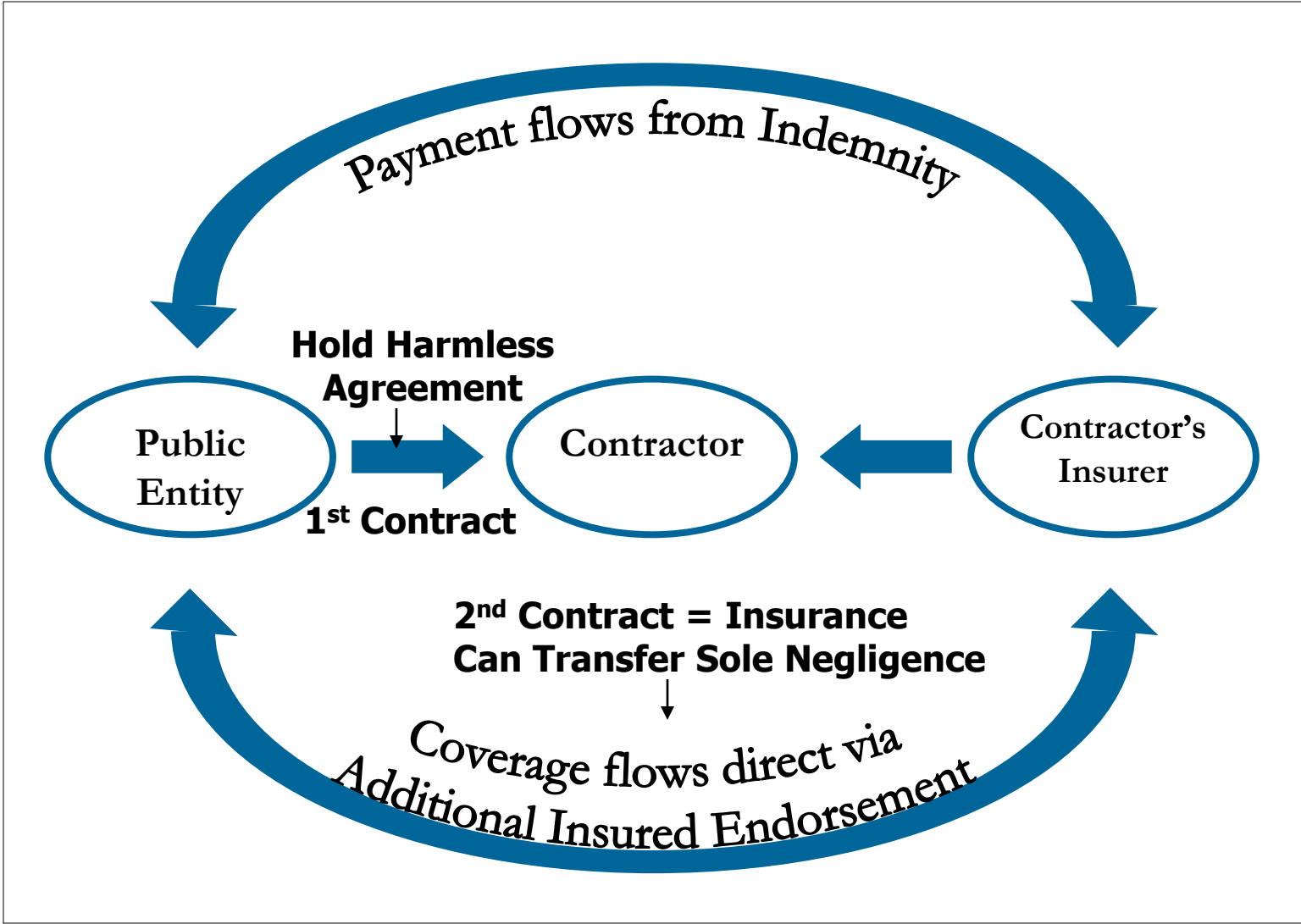
**Insurer must also protect Agency**

Less potential for disputes

Duty to defend/pay as costs incurred



# Hold Harmless v. 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”

Newer endorsements 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

Later versions may have to be accepted

# ADDITIONAL INSURED (AI) ENDORSEMENTS

## *Based on Insured Relationship to AI*

AI Relationship to Insured	No Contract with AI Required (Privity) & Doing Work For AI		Privity & Work For AI	No Privity & No Work For AI
Type of Endorsement	Scheduled	Automatic*	Automatic*	Automatic*
Ongoing Ops Form #	20 10	20 38	20 33	20 42 <sup>+</sup> or 20 43
Completed Ops Form #	20 37	20 40	20 39	NONE

\* ONLY if required in written contract or agreement

<sup>+</sup> For Designated Operations

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"



# GUIDE TO ADDITIONAL INSURED (AI) ENDORSEMENTS FOR CONTRACTORS

## Edition Dates in order of Preference:

1. *Best*: 11 85 edition of the CG 20 10 – need only this endorsement for both types of operations.

Need two endorsements for all later edition dates to get the same coverage.

2. *Very Good*: 10 01 editions

3. *Good*: 07 04 editions

4. *OK, but not preferred*: 04 13 or 12 19 edition dates;

*Note: earlier editions may be difficult to obtain except for large projects and first AI endorsement for “upstream” parties came out in 04 13 edition*



# 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*?

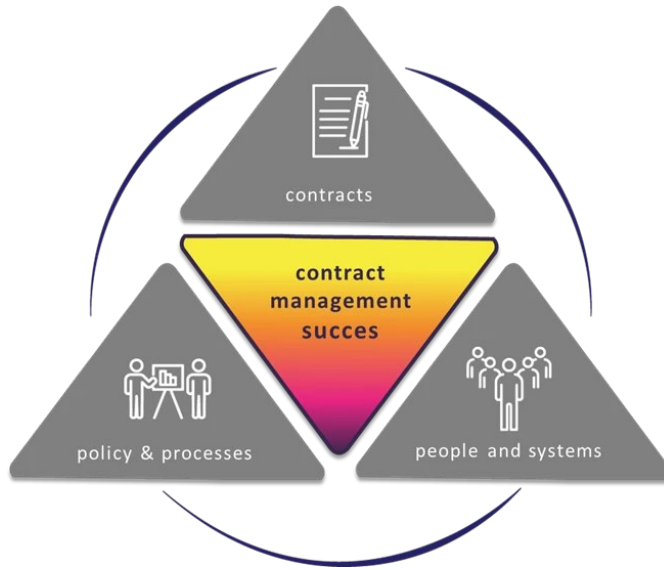
**Focus on the RISK, *before* the indemnification,  
*before* the insurance.**

*Involve staff, experts and/or legal counsel  
in review of risk and language.*

Start from your best case and work your way backward.



# 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 District is 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





## In Summary



**Use the IRIC as a Guide**

**Ask the right questions**

Risk ID & Transfer

**Use the right language**

Contract & Insurance Specs

**Get what you asked for**

Compliance & Claim Response



# Questions?

## Thank You!

**If in doubt – contact me!**  
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