



PROCUREMENT POLICY

SUBJECT: Contract Insurance Requirements

ORIGINATING OFFICE: Office of the Director

1. **PURPOSE.** The purpose of this policy is to establish a process for determining the amount and type of insurance to be required in procurement contracts, to standardize insurance clauses, and to minimize risk to the District.
2. **AUTHORITY.** This policy is established pursuant to:
 - 2.1 Section 202(b) of the *District of Columbia Procurement Practices Act of 1985 (PPA)*, effective February 21, 1986 (D.C. Law 6-85; D.C. Official Code §2-302.02(b)); and
 - 2.2 Chapter 27 of Title 27 of the D.C Municipal Regulations.
3. **APPLICABILITY.** This policy applies to all contracts for supplies, services and construction entered on behalf of the District pursuant to the PPA.
4. **MANDATORY INSURANCE COVERAGE IN CONTRACTS.**
 - 4.1 **General Rules.** The following rules shall apply to ensure that the District is properly covered by a contractor's insurance.
 - 4.1.1 A contractor shall:
 - (a) Demonstrate that it has the required insurance coverage before work commences; and
 - (b) Maintain the required insurance until all contract work is accepted by the District, except for General Liability, any required Professional Liability, and any required Employment Practices Liability insurance which shall be maintained for five (5) years following the District's acceptance of the work.

4.1.2 A contracting officer shall:

- (a) Be responsible for sending the Statement of Work to the Office of Risk Management (ORM) Insurance Coordinator prior to solicitation, or award in the case of a sole source or small purchase contract, to determine the appropriate amount and type of insurance to be included under a contract;
- (b) Inform potential contractors of the District's insurance requirements by including the insurance requirements provided by ORM in contract solicitations, or contract in the case of a sole source or small purchase; and
- (c) Require a contractor to maintain insurance during the entire contract term and until all work has been accepted, except General Liability, any required Professional Liability, and any required Employment Practices Liability insurance which shall be maintained for five (5) years following the District's acceptance of the work.

4.1.3 After consultation with the ORM, the contracting officer, shall insert the applicable insurance clauses (*Appendix D or E*) in each District contract for supplies, services and construction.

4.1.4 OCP's Certificate of Insurance Tracking System (COITS) shall be used to monitor the receipt of certificates of insurance (COI) and insurance coverage under District contracts.

4.1.5 **Additional Insured Endorsement.** To ensure that the District is covered by a contractor's insurance policy, general liability and umbrella liability insurance shall name the District as an additional insured with respect to work or services performed.

4.1.6 **Primary and Noncontributory Coverage.**

- (a) A contractor's insurance policies shall be primary and noncontributory; and
- (b) No other insurance from another source shall apply before the contractor's insurance coverage and limits of liability are exhausted.

4.1.7 **Waiver of Subrogation Endorsement.** A contractor's general liability insurance policy shall:

- (a) Contain a waiver of subrogation endorsement in favor of the District for all claims made against the District, its officers, Directors, agents, and employees; and
- (b) Waive all of its express or implied rights of subrogation against the District, its officers, directors, agents, and employees.

5. INSURANCE COMPANY RATING REQUIREMENT.

5.1. Any insurance required under this policy shall:

5.1.1 Be written with responsible insurance companies licensed and authorized to do business in the District of Columbia or the place of contract performance; and

5.1.2 Have an A.M. Best Company rating of A-VIII or higher.

5.2. **Insurance License Confirmation.** Before work commences, a contracting officer shall confirm an insurance company's license by reviewing the list of licensed insurance companies on the Department of Insurance, Securities and Banking Website (<http://disb.dc.gov/dsr/cwp/view.a.1299.Q.638165.dsrNav,%7C32821%7C.asp>).

5.3. **Financial Status Confirmation.** Before work commences, a contracting officer shall confirm an insurance company's financial status by contacting A.M. Best Company (www.ambest.com/homepage.asp) and Helpful Procurement Websites on OCP's Website (<http://ocp.dc.gov/ocp/cwp/view.a.3,q.639586.ocpNav,%7C32642%7C.asp>).

6. PROOF OF INSURANCE.

6.1 **General Rules Regarding Certificates of Insurance.**

6.1.1 A contractor shall submit a COI to the contracting officer as evidence of the required insurance coverage before work commences.

6.1.2 In no event shall work be performed until the required COI, signed by an authorized representative of the contractor's insurer, has been received and approved by the contracting officer.

6.2 **A COI form shall include:**

6.2.1 The name of the insurance company or companies;

6.2.2 The name of the insured contractor;

- 6.2.3 The type of insurance coverage being provided;
- 6.2.4 The insurance policy number(s);
- 6.2.5 The insurance policy effective date(s) and expiration date(s);
- 6.2.6 The insurance liability limits; and
- 6.2.7 In the insurance policy description section, the District as an additional insured and a waiver of subrogation.

7. CHANGES, CANCELLATION OR NON-RENEWAL OF INSURANCE COVERAGE.

7.1 General Rule.

- 7.1.1 **Insurer notification requirement.** Each insurance policy shall contain the following binding endorsement. “Insurer shall provide the contracting officer with at least thirty (30) days prior written notice in the event coverage is or will be canceled.”
- 7.1.2 **Contractor notification requirement.** If a contractor’s insurance coverage is materially changed, including but not limited to cancellation, expiration, or non-renewal during the contract period, the contractor shall be responsible for immediately:
 - (a) Notifying the contracting officer in writing;
 - (b) Obtaining replacement insurance coverage; and
 - (c) Forwarding an updated COI to the contracting officer, regardless if one is requested.

7.2 Right to Stop Work or Terminate a Contract.

- 7.2.1 In the event a contractor fails to comply with the contract’s insurance provisions, the District may issue a stop work order until the contractor is in full compliance, or terminate the contract for default.

8. DETERMINING THE APPROPRIATE AMOUNT AND TYPES OF INSURANCE IN ALL CONTRACTS.

8.1 Guidelines. A contracting officer shall consult with the ORM prior to solicitation or award in the case of a sole source or small purchase contract to determine the appropriate amount and types of insurance to be included in a contract.

8.1.1 Determining Adequate Insurance Coverage.

- (a) If a contractor's commercial liability or property insurance limits do not meet the per occurrence limit, the excess or umbrella liability policy may be considered in determining whether there is sufficient insurance coverage.
- (b) The required minimum liability or property insurance coverage, however, shall not in any way restrict or diminish a contractor's liability under a contract.

9. CONTRACT INSURANCE CLAUSES.

9.1 General Rule. The ORM shall determine the applicable insurance requirements for each District contract after reviewing the Statement of Work, and the contracting officer shall insert the applicable insurance clauses (*Appendix D or E*) in each District contract prior to solicitation, or award in the case of a sole source or small purchase contract.

10. CERTIFICATE OF INSURANCE TRACKING SYSTEM INSTRUCTIONS.

10.1 COITS. There is hereby established an OCP Certificate of Insurance Tracking System (COITS) (located on the OCP Web page at http://ocpapps.in.dc.gov/coits/coi_open.asp) which shall be used to monitor the receipt of COI and the expiration date(s) of a contractor's insurance coverage.

10.2 Processing certificate of insurance information. Once a COI is received by a contracting officer, the following steps shall be taken to ensure that the appropriate information is entered into COITS:

10.2.1 The contracting officer who has received a certificate of insurance shall:

- (a) Ensure that the appropriate information has been captured on the COI;
- (b) Return the COI to the contractor if it is incomplete or not in accordance with section 6.2;

- (c) If the COI is complete:
 - (i) Immediately e-mail a Portable Document Format (PDF) copy to the ORM and OCP's Information Technology Specialist; and
 - (ii) In the "*Certificate of Insurance Transmittal*" form (*Appendix F*), provide the following information to the ORM and OCP's Information Technology Specialist to be entered into COITS: the contract number, the contract award date (if available), the contract expiration date (if available), the contract amount, the contractor's name, the name of the requesting agency, the name of the contracting officer and their e-mail address, the name of the contract specialist, the types of insurance and their corresponding per occurrence and aggregate limits, the policy expiration date, and whether the District is listed as an additional insured; and
- (d) Place the original COI in the contract file.

10.2.2 OCP's Information Technology Specialist shall:

- (a) Enter the information required from the "Certificate of Insurance Transmittal" form into COITS;
- (b) Ensure that a PDF version of the COI is attached in COITS by contract number or purchase order;
- (c) Ensure that COITS is programmed to send a tickler e-mail to the contracting officer within thirty (30) days of the expiration of each insurance coverage; and
- (d) Maintain an electronic file with copies of the COIs.

11. COMPLIANCE AUDITS.

11.1 OCP's Office of Procurement Integrity and Compliance (OPIC) or ORM may perform random audits of COIs and contract files to determine compliance with the requirements of this policy.

12. APPENDICES.

12.1 **Appendix A.** Insurance Glossary.

- 12.2 **Appendix B.** OCP Guidelines for Determining Risks and Minimum Insurance Requirements for Contracts for Supplies or Services.
- 12.3 **Appendix C.** OCP Guidelines for Determining Risks and Minimum Insurance Requirements for Construction Contracts.
- 12.4 **Appendix D.** Insurance clause template for contracts for supplies or services.
- 12.5 **Appendix E.** Insurance clause template for construction contracts.
- 12.6 **Appendix F.** Certificate of Insurance Transmittal Form.
- 12.7 **Appendix G.** Frequently Asked Questions.
- 13. **RESCINDS.** This policy supersedes OCP Policy 9004.00 (November 12, 2008) and OCP Policy 9004.01 (January 8, 2009).
- 14. **EFFECTIVE DATE.** This policy shall become effective immediately.
- 15. **EXPIRATION DATE.** This policy shall remain in effect until rescinded.



DAVID P. GRAGAN
Chief Procurement Officer
Office of Contracting and Procurement

1/29/10
Date

Appendix A
INSURANCE GLOSSARY
(6 pages)

INSURANCE GLOSSARY

1. **Association for Cooperative Operations Research and Development (ACORD).** ACORD (www.acord.org/) is a nonprofit association whose mission is to facilitate the development and use of standards for the insurance, reinsurance and related financial services industries. ACORD members include insurance carriers, reinsurers, agents, brokers and financial services, among others. ACORD issues insurance forms, including Certificates of Insurance, which meet the requirements of insurance industry and government regulators, and are filed with regulators on behalf of the members. The forms are available through a variety of ACORD programs designed to meet a company's needs.
2. **Additional Insured.** A person or organization not automatically included as an insured under an insurance policy, but for whom insured status is arranged, usually by endorsement. A named insured's impetus for providing additional insured status to others may be a desire to protect the other party because of a close relationship with that party (e.g., employees or members of an insured club) or to comply with a contractual agreement requiring the named insured to do so (e.g., customers or owners of property leased by the named insured).
3. **Aggregate Limit.** The total amount, regardless of the number of separate incidents, the insurance company will pay out for all claims during the term of your policy.
4. **A.M. Best Company.** One of the leading providers of ratings, news and financial data for the insurance industry worldwide; *Best's Ratings* are recognized as the benchmark for assessing the financial strength of insurance-related organizations and the credit quality of their obligations. (www.ambest.com/homepage.asp)
5. **Automobile Liability Insurance.** Insurance that protects the insured against financial loss because of legal liability for automobile-related injuries to others or damage to their property by an auto.
6. **Builder's Risk Insurance.** Insurance intended to cover the risk of loss or damage to construction work during the construction process, and prior to permanent property insurance being placed to cover the completed work. Traditional builder's risk insurance covers the permanent structure and the equipment and materials installed during construction.
7. **Certificate of Insurance.** A form from an insurance agent or insurance company certifying as evidence – but not proof -- at the time of request that the named insured has insurance policies in place as listed on the certificate. The document provides evidence that certain general types of insurance coverage and limits have been purchased by the party required to furnish the certificate, but confers no rights upon the certificate holder that do not exist in the policy contract.
8. **Claim.** A demand to recover under an insurance policy for a loss.
9. **Commercial General Liability Insurance (CGL).** A standard insurance policy issued to business organizations to protect them against liability claims for bodily injury and property

damage arising out of premises, operations, products, and completed operations; and advertising and personal injury liability. The CGL policy was introduced in 1986 and replaced the "comprehensive" general liability policy.

General liability insurance covers injury to non-employees and damages to non-owned property caused by the negligence of the insured and arising from both on-going and completed operations and negligence assumed via some contracts.

10. **Coverage.** The scope of the protection provided under a contract of insurance; any of several risks covered by a policy.
11. **Crime Insurance.** 3rd party Crime insurance includes coverage for losses arising from contractor employee dishonesty, theft of money or securities, burglary, forgery, robbery, computer fraud, etc. A commercial property type of insurance that typically provides different types of crime coverage such as: 3rd party employee dishonesty, forgery or alteration, computer fraud coverage, funds transfer fraud coverage, kidnap, ransom or extortion coverage, money and securities, money orders and counterfeit money coverage. The District is always the Loss Payee under this type of insurance.
12. **Employer's Liability Insurance.** This coverage is provided by Part 2 of the basic Workers' compensation policy and pays on behalf of the insured (employer) all sums that the insured shall become legally obligated to pay as damages because of bodily injury by accident or disease sustained by any employee of the insured arising out of and in the course of his employment by the insured. Employer's Liability insurance provides protection in cases not covered by the Workers' Compensation Law.
13. **Employee Disease.** Either occupational or non-occupational. Occupational disease arises out of employment and or results from causes or conditions characteristic of and peculiar to the particular trade, occupation, process or employment. Non-occupational disease may arise out of and in the course of employment but may not be considered an occupational disease, such as alcoholism and heart attacks.
14. **Employment Practices Liability Insurance.** A form of liability insurance covering wrongful acts arising from the employment process. The most frequent types of claims alleged under such policies include: wrongful termination, discrimination, and sexual harassment. The forms are written on a claims-made basis and generally exclude coverage for large-scale, companywide layoffs. In addition to being written as a stand-alone coverage, EPLI is frequently available as an endorsement to directors and officers liability policies.
15. **Errors and Omissions (E&O) Insurance.** An insurance form that protects the insured against liability for committing an error or omission in performance of professional duties. Generally, such policies are designed to cover financial losses rather than liability for bodily injury and property damage.
16. **Excess Liability.** This is designed to provide an extra layer of coverage above the primary layer. The excess insurance does not respond, however, until the limits of liability in the primary layer have been exhausted. The excess layer provides not only higher limits, but also

catastrophic protection for very large losses.

17. **Expiration Date.** The date shown on the declarations page of the policy when coverage will stop. It may be a specific date or a statement that coverage is continuous until cancelled.
18. **Floater Policy.** A policy under the terms of which protection follows moveable property covering it wherever it may be.
19. **General Aggregate Limit.** A Commercial General Liability limit that applies to all damages paid for bodily injury, property damage, personal injury, advertising injury, and medical expenses, except damages included in the products-completed operations hazard. An aggregate total limit on claims during a policy period, which applies in addition to a limit per claim.
20. **Indemnify.** To restore the victim of a loss, in whole or in part, by payment, repair or replacement.
21. **Installation Floater.** Property in transit “floating”. Property insurance to cover loss to materials or equipment that are in transit to a construction site and/or at a construction site to be used in the construction of a building, and have been installed in a structure until the installation is complete and has been accepted as completed by the property owner. Since most builders’ risk insurance policies do not cover materials or equipment in storage or in transit (i.e., movable property) that will become a part of the structure or building when they are in transit, stored at site, or stored off-site, installation floaters provide coverage for those risks. Installation floaters may also provide coverage for subcontractors’ work in process, or for projects involving rehabilitation or renovation type construction work in an existing structure.
22. **Insurance.** A contract which provides that, for a stipulated consideration, the insurer undertakes to indemnify the insured party against risk of loss, damage, or liability arising from an unknown or contingent event.
23. **Insured.** The person whose risk is transferred and shared; the party to an insurance agreement whom the insurer agrees to indemnify for losses, provide benefits for, or render services to.
24. **Insurer.** The company or group offering protection through the sale of an insurance policy to an insured; the party to an insurance agreement who undertakes to indemnify for losses, provide pecuniary benefits, or render services.
25. **Lapsed Policy.** An insurance policy terminated as a result of nonpayment of a premium before the end of the grace period.
26. **Liability Insurance.** The insurance that pays and renders service on behalf of an insured for loss arising out of his responsibility, due to negligence, to others imposed by law or assumed by contract.

27. **Liability Limits.** The sum or sums beyond which a liability insurance company does not protect the insured on a liability policy.
28. **Longshoreman and Harbor Workers' Compensation Act (LHWCA).** A Federal law found at 33 USCA §§ 901-905 that provides no-fault workers compensation benefits to employees other than masters or crew members of a vessel injured in maritime employment generally in loading, unloading, repairing, or building a vessel.

Employers can obtain coverage under a standard workers' compensation policy by purchasing an LHWCA coverage endorsement.

29. **Loss Payee.** A party to whom an insurance loss payment or insurance settlement may be directly paid. A person or institution with an insurable interest in the object subject to policy coverage.
30. **Negligence.** Failure to use the care that is required to protect others from unreasonable chance of harm. Negligence may be caused by acts of omission, commission or both.
31. **Occurrence Limit.** The occurrence limit is the maximum amount an insurance company will pay per incident, regardless of the number of persons injured (claimants).
32. **Per Occurrence.** Per occurrence coverage permits all losses arising out of one event to be aggregated instead of being handled on a risk-by-risk basis. All losses within a specified period of time involving a particular peril are deemed an occurrence.
33. **Personal and Advertising Injury.** Oral or written publication of material that violates a person's right of privacy; the use of another's advertising idea in your "advertisement"; infringing upon another's copyright, trade dress or slogan in your "advertisement"; false arrest, detention or imprisonment; malicious prosecution; or the wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies committed by or on behalf of its owner, landlord or lessor.
34. **Policy.** The written statement of a contract effecting insurance, or certificates thereof, by whatever name called and including all causes, riders, endorsements and papers attached thereto and made part thereof.
35. **Policy Disease Limit.** The limit of liability on the declarations page of the Workers Compensation Policy.
36. **Policy Period.** The period during which the policy contract affords protection.
37. **Pollution Liability.** Also known as Environmental Impairment Liability. Insurance covers liability for bodily injury or property damage as well as expenses for cleanup due to a toxic spill or contaminated site. Insurance is required for any public or private organization that sells, processes, transports, stores, disposes or in any way handles or is responsible for toxic or hazardous substances.

This insurance covers bodily injury and property damage, including loss of use of damaged property. Coverage shall provide for actual, alleged or threatened emission, discharge, dispersal, seepage, escape or release of pollutants (including asbestos), including any loss, cost incurred as a result of clean up.

38. **Primary and Non-contributory Policy Coverage.** When more than one insurance policy exists to cover a loss; the insurance policy may read as primary coverage meaning the insurance coverage in question is applicable before any other insurance. When more than one insurance policy exists to cover a loss; the insurance policy may read as non-contributory meaning the primary insurance must be exhausted before other applicable insurance responds.
39. **Products and Completed Operations.** An additional coverage under general liability which provides coverage for an insured against claims arising out of products sold, manufactured, handled, or distributed, or operations which are complete. Claims are covered only after a product has been sold and possession relinquished, or operations have been completed or abandoned by the named insured. Manufacturers and contractors have a need for this coverage.
40. **Professional Liability Insurance.** Liability insurance to indemnify professionals, including but are not limited to, lawyers, insurance agents and brokers, accountants, real estate agents, appraisers, abstractors, title insurance agents, architects and engineers, advertising agents, adjusters, directors and trustees, fiduciaries, travel agents and data processing firms, for the loss or expense resulting from claims on account of bodily injuries because of any malpractice, error or mistake committed or alleged to have been committed by the insured in his profession
41. **Rating of VIII.** The A.M. Best Company category indicating that the insurance company shows that the difference of total admitted assets and total liabilities is between \$100,000,000 to \$250,000,000.
42. **Risk.** Exposure to potential loss; uncertainty for a particular outcome; a fortuity; a term used to designate an insured of a peril insured against that does not embrace inevitable loss. The term is used to define causes of loss covered by a policy.
43. **Risk Management.** Management of the pure risks to which a company might be subject. It involves analyzing all exposures to the possibility of loss and determining how to handle these exposures through such practices as avoiding the risk, retaining the risk, reducing the risk, or transferring the risk, usually by insurance.
44. **Subrogation.** The assignment to an insurer by terms of the policy or by law, after payment of a loss, of the rights of the insured to recover the amount of the loss from one legally liable for it. Also, the transfer to the insurance company of the insured's right to collect for damages.
45. **Subrogation Provision.** A provision in an insurance policy addressing whether the insured

has the right to waive its recovery rights against another party who may have been responsible for loss covered under the policy. In standard commercial policies, the subrogation provision is called "Transfer of Rights of Recovery Against Others to Us."

46. **Subrogation Waiver.** A waiver by the named insured giving up any right of recovery against another party. Normally an insurance policy requires that subrogation (recovery) rights be preserved. Also, the named insured's intentional relinquishing of any right to recover damages from another party who may be responsible. Commercial insurance policies recognize a written waiver of subrogation issued prior to a loss.
47. **Umbrella Liability Policy.** A policy designed to provide protection against catastrophic losses. It generally is written over various primary liability policies, such as the business auto policy, commercial general liability policy, watercraft and aircraft liability policies, and employers' liability coverage. The umbrella policy serves three purposes: it provides excess limits when the limits of underlying liability policies are exhausted by the payment of claims; it drops down and picks up where the underlying policy leaves off when the aggregate limit of the underlying policy in question is exhausted by the payment of claims; and it provides protection against some claims not covered by the underlying policies, subject to the assumption, by the named insured, of a self-insured retention.
48. **Workers' Compensation.** A system (established under state laws) under which employers provide insurance for benefit payments to employees for their work-related injury, death and disease regardless of fault.
49. **Workers' Compensation Act of 1979.** The District's Workers' Compensation Act can be found at D.C. Official Code § 36-301 *et seq.* The District's Office of Workers' Compensation within the Department of Employment Services Labor Standards Bureau (202/671-1000) (<http://does.dc.gov/does/cwp/view.asp?a=1232&Q=537428>) administers the workers' compensation program.
50. **Wrongful Act.** This is not limited to an act that is "illegal," but comprehends as well an act that is deemed immoral, anti-social, tortious, etc. The civil law attempts to remedy injuries suffered by individuals or corporations by forcing the party who caused the harm to compensate the victim.
51. **X, C, U Hazards.** This is property damage coverage for any work involving blasting, excavating, tunneling or other underground activity.

**OCG Guidelines for Determining Risks and Minimum Insurance
Requirements for Contracts for Supplies or Services**

MINIMUM INSURANCE REQUIREMENTS
BASIC COVERAGES
<p>Commercial General Liability: Per Occurrence: \$1,000,000 Aggregate: \$2,000,000 Products and Completed Operations: \$2,000,000 Personal/Advertising Injury: \$1,000,000</p>
<p>Automobile Liability: \$1,000,000 per occurrence</p>
<p>Workers' Compensation: See applicable statute for jurisdictional requirement Employers' liability: Each Accident: \$500,000 Employee Disease: \$500,000 Disease-Policy Limit: \$500,000</p>
ADDITIONAL COVERAGES:
Requirements to be determined depending on individual contract
<p>Umbrella or Excess Liability: \$2,000,000 to 5,000,000+ (depending on contract)</p>
<p>Professional Liability (E&O): Per Occurrence: \$1,000,000+ (depending on contract) Aggregate: \$1,000,000+ (depending on contract)</p>
<p>3rd Party Crime Insurance: Per Occurrence for Each Wrongful Act: \$50,000 + (depending on exposure)</p>
<p>Sexual Abuse & Molestation (GL): Per Occurrence : \$1,000,000+ (depending on contract) Aggregate: \$1,000,000+ (depending on contract)</p>
<p>Environmental Liability: Per Occurrence : \$1,000,000+ (depending on contract) Aggregate: \$1,000,000+ (depending on contract)</p>
<p>Employment Practices Liability: Per Occurrence : \$1,000,000+ (depending on contract) Aggregate: \$1,000,000+ (depending on contract)</p>

Please contact Shamika Place, Office of Risk Management, at (202) 727-7805 if you have any questions regarding determining the appropriate insurance

Appendix C
OCP Guidelines for Determining Risks and Minimum Insurance
Requirements for Construction Contracts
(1 page)

**OCP Guidelines for Determining Risks and Minimum Insurance
Requirements for Construction Contracts**

MINIMUM INSURANCE REQUIREMENTS
BASIC COVERAGES
<p>Commercial General Liability: Per Occurrence: \$1,000,000 Aggregate: \$2,000,000 Products and Completed Operations: \$2,000,000 Personal/Advertising Injury: \$1,000,000</p>
<p>Automobile Liability: \$1,000,000 per occurrence</p>
<p>Workers' Compensation (incl. US Longshoremen Harbor Act & Maritime Endorsements if applicable): See applicable statute for jurisdictional requirement Employers' liability: Each Accident: \$500,000 Employee Disease: \$500,000 Disease-Policy Limit: \$500,000</p>
<p>Builder's Risk Insurance: Basis: Replacement Cost Value of Building or Project - OR - Installation Floater Insurance: Basis: Full Contract value</p>
ADDITIONAL COVERAGES:
<p>Requirements to be determined depending on individual contract</p>
<p>Umbrella or Excess Liability: \$2,000,000 to 10,000,000+ (depending on contract)</p>
<p>Professional Liability (E&O): Per Occurrence: \$1,000,000+ (depending on contract) Aggregate: \$3,000,000+ (depending on contract)</p>
<p>3rd Party Crime Insurance: Per Occurrence for Each Wrongful Act: \$50,000 + (depending on exposure)</p>
<p>Environmental Liability: Per Occurrence : \$1,000,000+ (depending on contract) Aggregate: \$1,000,000+ (depending on contract)</p>
<p>Railroad Protective Liability (if building within 50 ft of railroad) Per Occurrence: 2,000,000 Aggregate: \$6,000,000</p>

Please contact Shamika Place, Office of Risk Management, at (202) 727-7805 if you have any questions regarding determining the appropriate insurance

Appendix D
Insurance Clause Template for Contracts for Supplies or Services
(3 pages)

Insurance Clause Template for Contracts for Supplies or Services

I.5 INSURANCE:

A. **GENERAL REQUIREMENTS.** The Contractor shall procure and maintain, during the entire period of performance under this contract, the types of insurance specified below. The Contractor shall have its insurance broker or insurance company submit a Certificate of Insurance to the Contracting Officer giving evidence of the required coverage prior to commencing performance under this contract. In no event shall any work be performed until the required Certificates of Insurance signed by an authorized representative of the insurer(s) have been provided to, and accepted by, the Contracting Officer. All insurance shall be written with financially responsible companies authorized to do business in the District of Columbia or in the jurisdiction where the work is to be performed and have an A.M. Best Company rating of A-VIII or higher. The Contractor shall require all of its subcontractors to carry the same insurance required herein. The Contractor shall ensure that all policies provide that the Contracting Officer shall be given thirty (30) days prior written notice in the event the stated limit in the declarations page of the policy is reduced via endorsement or the policy is canceled prior to the expiration date shown on the certificate. The Contractor shall provide the Contracting Officer with ten (10) days prior written notice in the event of non-payment of premium.

1. Commercial General Liability Insurance. The Contractor shall provide evidence satisfactory to the Contracting Officer with respect to the services performed that it carries \$1,000,000 per occurrence limits; \$2,000,000 aggregate; Bodily Injury and Property Damage including, but not limited to: premises-operations; broad form property damage; Products and Completed Operations; Personal and Advertising Injury; contractual liability and independent contractors. The policy coverage shall include the District of Columbia as an additional insured, shall be primary and non-contributory with any other insurance maintained by the District of Columbia, and shall contain a waiver of subrogation. The Contractor shall maintain Completed Operations coverage for five (5) years following final acceptance of the work performed under this contract.
2. Automobile Liability Insurance. The Contractor shall provide automobile liability insurance to cover all owned, hired or non-owned motor vehicles used in conjunction with the performance of this contract. The policy shall provide a \$1,000,000 per occurrence combined single limit for bodily injury and property damage.
3. Workers' Compensation Insurance. The Contractor shall provide Workers' Compensation insurance in accordance with the statutory mandates of the District of Columbia or the jurisdiction in which the contract is performed.

Employer's Liability Insurance. The Contractor shall provide employer's liability insurance as follows: \$500,000 per accident for injury; \$500,000 per employee for disease; and \$500,000 for policy disease limit.

[OPTIONAL INSURANCE PROVISIONS – CONSULT WITH ORM FOR SPECIFIC COVERAGE AND AMOUNTS:]

4. Umbrella or Excess Liability Insurance. The Contractor shall provide umbrella or excess liability (which is excess over employer's liability, general liability, and automobile liability) insurance as follows:
\$_____ per occurrence, including the District of Columbia as additional insured.
5. Professional Liability Insurance (Errors & Omissions). The Contractor shall provide Professional Liability Insurance (Errors and Omissions) to cover liability resulting from any error or omission in the performance of professional services under this Contract. The policy shall provide limits of \$_____ per occurrence for each wrongful act and \$_____ annual aggregate.

The Contractor shall maintain this insurance for five (5) years following the District's final acceptance of the work performed under this contract.

6. Crime Insurance (3rd Party Indemnity). The Contractor shall provide a 3rd Party Crime policy to cover the dishonest acts of Contractor's employees which result in a loss to the District. The policy shall provide a limit of \$_____ per occurrence. This coverage shall be endorsed to name the District of Columbia as joint-loss payee, as their interests may appear.
7. Sexual/Physical Abuse & Molestation. The Contractor shall provide evidence satisfactory to the Contracting Officer with respect to the services performed that it carries \$1,000,000 per occurrence limits; \$2,000,000 aggregate. The policy coverage shall include the District of Columbia as an additional insured. This insurance requirement will be considered met if the general liability insurance includes sexual abuse and molestation coverage for the required amounts.
8. Environmental Liability Insurance. The Contractor shall provide a policy to cover costs associated with bodily injury, property damage and remediation expenses associated with pollution incidents including, but not limited to, mold, asbestos or lead removal. The policy shall provide a minimum of \$_____ in coverage per incident and \$_____ aggregate.
9. Employment Practices Liability. The Contractor shall provide evidence satisfactory to the Contracting Officer with respect to the operations performed to cover the defense of employment related claims which the District of Columbia would be named as a co-defendant in claims arising from: Discrimination, Sexual Harassment, Wrongful Termination, or Workplace Torts. Policy shall include the Client Company Endorsement for

Temporary Help Firms and the Independent Contractors Endorsement. The policy shall provide limits of \$_____ for each wrongful act and \$_____ annual aggregate for each wrongful act. The Contractor shall maintain this insurance for five (5) years following the District's final acceptance of the work performed under this contract.]

- B. DURATION. The Contractor shall carry all required insurance until all contract work is accepted by the District, and shall carry the required General Liability; any required Professional Liability; and any required Employment Practices Liability insurance for five (5) years following final acceptance of the work performed under this contract.
- C. LIABILITY. These are the required minimum insurance requirements established by the District of Columbia. **HOWEVER, THE REQUIRED MINIMUM INSURANCE REQUIREMENTS PROVIDED ABOVE, WILL NOT IN ANY WAY LIMIT THE CONTRACTOR'S LIABILITY UNDER THIS CONTRACT.**
- D. CONTRACTOR'S PROPERTY. Contractor and subcontractors are solely responsible for any loss or damage to their personal property, including but not limited to tools and equipment, scaffolding and temporary structures, rented machinery, or owned and leased equipment. A waiver of subrogation shall apply in favor of the District of Columbia.
- E. MEASURE OF PAYMENT. The District shall not make any separate measure or payment for the cost of insurance and bonds. The Contractor shall include all of the costs of insurance and bonds in the contract price.
- F. NOTIFICATION. The Contractor shall immediately provide the Contracting Officer with written notice in the event that its insurance coverage has or will be substantially changed, canceled or not renewed, and provide an updated certificate of insurance to the Contracting Officer.
- G. CERTIFICATES OF INSURANCE. The Contractor shall submit certificates of insurance giving evidence of the required coverage as specified in this section prior to commencing work. Evidence of insurance shall be submitted to:

Name of Contracting Officer
Address of Contracting Officer
Phone Number/E-mail Address

Insurance Clause Template for Construction Contracts

I.5 INSURANCE:

A. **GENERAL REQUIREMENTS.** The Contractor shall procure and maintain, during the entire period of performance under this contract, the types of insurance specified below. The Contractor shall have its insurance broker or insurance company submit a Certificate of Insurance to the Contracting Officer giving evidence of the required coverage prior to commencing performance under this contract. In no event shall any work be performed until the required Certificates of Insurance signed by an authorized representative of the insurer(s) have been provided to, and accepted by, the Contracting Officer. All insurance shall be written with financially responsible companies authorized to do business in the District of Columbia or in the jurisdiction where the work is to be performed and have an A.M. Best Company rating of A-VIII or higher. The Contractor shall require all of its subcontractors to carry the same insurance required herein. The Contractor shall ensure that all policies provide that the Contracting Officer shall be given thirty (30) days prior written notice in the event the stated limit in the declarations page of the policy is reduced via endorsement or the policy is canceled prior to the expiration date shown on the certificate. The Contractor/Insurance Company shall provide the Contracting Officer with ten (10) days prior written notice in the event of non-payment of premium.

1. Commercial General Liability Insurance. The Contractor shall provide evidence satisfactory to the Contracting Officer with respect to the services performed that it carries \$1,000,000 per occurrence limits; \$2,000,000 aggregate; Bodily Injury and Property Damage including, but not limited to: premises-operations; broad form property damage; Products and Completed Operations; Personal and Advertising Injury; contractual liability and independent contractors. The policy coverage shall include the District of Columbia as an additional insured, shall be primary and non-contributory with any other insurance maintained by the District of Columbia, and shall contain a waiver of subrogation. The Contractor shall maintain Completed Operations coverage for five (5) years following final acceptance of the work performed under this contract.
2. Automobile Liability Insurance. The Contractor shall provide automobile liability insurance to cover all owned, hired or non-owned motor vehicles used in conjunction with the performance of this contract. The policy shall provide a \$1,000,000 per occurrence combined single limit for bodily injury and property damage.
3. Workers' Compensation Insurance. The Contractor shall provide Workers' Compensation insurance in accordance with the statutory mandates of the District of Columbia or the jurisdiction in which the contract is performed.

Employers' Liability Insurance. The Contractor shall provide employers' liability insurance as follows: \$500,000 per accident for injury; \$500,000 per employee for disease; and \$500,000 for policy disease limit.

If projects hereunder include water operations, the U.S. Longshoremen and Harbor Workers' Compensation Act and Maritime endorsements must be purchased and attached to employers' liability insurance policy.

4. Builder's Risk Insurance. The Contractor shall provide a Builder's Risk policy equal to the replacement cost value of the completed building or other structure including the building supplies and materials to cover damage to existing facilities at the site. The policy shall cover property while located at the project site, at temporary locations, or in transit; deductibles will be the sole responsibility of the contractor; and shall name the District of Columbia as loss payee/mortgagee, as its interests may appear. The policy shall not exclude equipment breakdown, windstorm, flood, water damage other than flood, or damage due to drain/sewage backup. A waiver of subrogation in favor of the District of Columbia shall be included.(This policy is not required for contracts involving demolition only.)

[OR; (consult with ORM)

Installation-Floater Insurance. For projects not involving structures, the contractor shall provide an installation floater policy with a limit equal to the full contract value. The policy shall cover property while located at the project site, at temporary locations, or in transit; deductibles will be the sole responsibility of the contractor; and name the District of Columbia as the loss payee on the policy, as its interests may appear. A waiver of subrogation in favor of the District of Columbia shall be included.]

[OPTIONAL INSURANCE PROVISIONS – CONSULT WITH ORM FOR SPECIFIC COVERAGE AND AMOUNTS:

5. Umbrella or Excess Liability Insurance. The Contractor shall provide umbrella or excess liability (which is excess over employer's liability, general liability, and automobile liability) insurance as follows: \$_____ per occurrence, including the District of Columbia as additional insured.
6. Crime Insurance (3rd Party Indemnity). The Contractor shall provide a 3rd Party Crime policy to cover the dishonest acts of Contractor's employees which result in a loss to the District. The policy shall provide a limit of \$_____ per occurrence. This coverage shall be endorsed to name the District of Columbia as joint-loss payee, as their interests may appear.
7. Professional Liability Insurance (Errors & Omissions). The Contractor shall provide Professional Liability Insurance (Errors and Omissions) to cover liability resulting from any error or omission in the performance of professional services under this Contract. The policy shall provide limits of \$_____ per occurrence for each wrongful act and \$_____ annual aggregate.

The Contractor shall maintain this insurance for five (5) years following the District's final acceptance of the work performed under this contract.

8. Environmental Liability Insurance. The Contractor shall provide a policy to cover costs associated with bodily injury, property damage and remediation expenses associated with pollution incidents including, but not limited to, mold, asbestos or lead removal. The policy shall provide a minimum of \$ _____ in coverage per incident and \$ _____ aggregate.
9. Railroad Protective Liability Insurance. [If any services provided under or pursuant to this contract involve Contractor doing work near any railroad right-of-way (within 50 feet of a railroad (Metro, Amtrak, MARC, CSX)] Contractor shall provide Railroad Protective Liability insurance which shall name the applicable railroad(s) as first Insured and the District as an Additional Insured with limits of not less than \$2,000,000 per occurrence and \$6,000,000 annual aggregate or such other limits as may be required by the railroad(s), whichever are higher, and written on a combined bodily injury/property damage basis including coverage for physical damage to the railroad's property.]
- B. DURATION. The Contractor shall carry all required insurance until all contract work is accepted by the District, and shall carry the required General Liability; and any required Professional Liability for five (5) years following final acceptance of the work performed under this contract.
- C. LIABILITY. These are the required minimum insurance requirements established by the District of Columbia. **HOWEVER, THE REQUIRED MINIMUM INSURANCE REQUIREMENTS PROVIDED ABOVE, WILL NOT IN ANY WAY LIMIT THE CONTRACTOR'S LIABILITY UNDER THIS CONTRACT.**
- D. CONTRACTOR'S PROPERTY. Contractor and subcontractors are solely responsible for any loss or damage to their personal property, including but not limited to tools and equipment, scaffolding and temporary structures, rented machinery, or owned and leased equipment. A waiver of subrogation shall apply in favor of the District of Columbia.
- E. MEASURE OF PAYMENT. The District shall not make any separate measure or payment for the cost of insurance and bonds. The Contractor shall include all of the costs of insurance and bonds in the contract price.
- F. NOTIFICATION. The Contractor shall immediately provide the Contracting Officer with written notice in the event that its insurance coverage has or will be substantially changed, canceled or not renewed, and provide an updated certificate of insurance to the Contracting Officer.
- G. CERTIFICATES OF INSURANCE. The Contractor shall submit certificates of insurance giving evidence of the required coverage as specified in this Insurance Section prior to commencing work. Evidence of insurance shall be submitted to:

Name of Contracting Officer
Address of Contracting Officer
Phone Number/E-mail Address

SAMPLE CERTIFICATE OF INSURANCE TRANSMITTAL FORM

From: Contract Specialist
Sent:
To: Li, Cheng-Szu (OCP)
Cc: Place, Shamika (EOM)
Subject: FW: Sample Certificate of Insurance

Attachments: Sample Certificate of Insurance

Contract number	Contract award date	Contract expiration	Contract amount	Vendor name	Requesting Agency	Contracting officer	Email Contact	Contract Specialist
DCHC-2006-HC-0008-01	3/16/2008	3/15/2009	160,000	Children's National Medical Center	DOH	Jean Bright	Jean.Bright@dc.gov	La Verne Smith

Contract number	Insurance type	Occ limit	Agg Limit	Policy expiration	Add'l insured
DCHC-2006-HC-0008-01	General Liability	1,000,000.00	2,000,000.00	01/01/10	Y
	Auto Liability	1,000,000.00		01/01/10	Y
	Excess Liability	5,000,000.00	5,000,000.00	01/01/10	Y
	Workers Comp	500,000.00	500,000.00	01/01/10	Y

CONTRACT INSURANCE REQUIREMENTS
and the
CERTIFICATE OF INSURANCE TRACKING SYSTEM
Frequently Asked Questions

1. Can a contracting officer award a contract that does not have insurance?

Response: Yes, but the contractor cannot commence work before demonstrating that it has the required insurance coverage.

2. Are there any documents that a contractor has to give to a contracting officer to prove that insurance actually exists?

Response: A contractor has to forward a copy of its Certificate of Insurance (COI) to a contracting officer who must approve the document.

3. What information has to be included on a COI to make it acceptable?

Response: In order to be acceptable, a COI must have the following information: (a) the name of the insurance company or companies; (b) the name of the insured contractor; (c) the type of insurance coverage being provided; (d) the insurance policy number(s); (e) the insurance policy effective date(s) and expiration date(s); (f) the insurance liability limits; and *in the insurance policy description section*, (g) the District named as an additional insured and a waiver of subrogation.

4. Will anyone ever review COIs besides contracting officers?

Response: Yes. ORM will also receive copies and OCP's Office of Procurement Integrity and Compliance will perform random audits of COIs and contract files to determine compliance with the policy's requirements.

5. What should a contracting officer do once a complete and accurate COI is received?

Response: Once a complete and accurate COI is received by a contracting officer, he should: (a) immediately forward a copy to the ORM and OCP's Information Technology Specialist; (b) in a separate document, provide the following information to OCP's Information Technology Specialist to be entered into COITS: the contract number, the contract award date (if available), the contract expiration date (if available), the name of the requesting agency, the name of the contracting officer, a brief description of the work to be performed, the job location; and (c) place the COI in the contract file.

6. What should a contracting officer do if a COI is inaccurate or otherwise not in compliance with OCP's requirements?

Response: The contracting officer should return the inaccurate or incomplete COI to the contractor for revision and completion.

7. Does it matter what insurance company has provided the contractor's insurance?

Response: Yes. An insurance policy: (a) has to be written by a financially responsible insurance company licensed to do business in the District or the jurisdiction in which the contract is to be performed; and (b) has to have either an A.M. Best Company rating of A-VIII or higher.

8. What must a contracting officer do to confirm the license and financial status of an insurance company?

Response: A contracting officer should confirm an insurance company's license status by reviewing the list of insurance companies provided to OCP by the Department of Insurance, Securities and Banking on a quarterly basis. An insurance company's financial status should be confirmed by contacting A.M. Best Company (www.ambest.com/homepage.asp).

9. What if an insurance company isn't on the list of companies licensed to do business in the District that's updated on a quarterly basis?

Response: If an insurance company isn't on the list, a contracting officer should contact: (a) the DC Office of Securities, Insurance and Banking if the work is being performed in the District; (b) the licensing office in the jurisdiction in which the contract is to be performed; or (c) the contractor. If an insurance company can't satisfy the licensing and financial status requirements, the contractor will just have to use another company.

10. What will OCP's Information Technology Specialist do with the COI once it's forwarded by a contracting officer?

Response: OCP's Information Technology Specialist will: (a) enter the information required to be on the COI and the Certificate of Insurance Transmittal Form from the contracting officer into COITS; (b) ensure that a Portable Document Format (PDF) version of the COI is attached in COITS; (c) ensure that COITS is programmed to send a tickler e-mail to the contracting officer announcing the fact that insurance coverage will expire within thirty (30) days; and (d) maintain an electronic file with copies of the COIs.

11. How do I access COITS?

Response: COITS can be found on OCP's Intranet site and can be accessed by clicking on http://ocpapps.in.dc.gov/coits/coi_open.asp.

12. What types of insurance should a contractor have if he is providing supplies or services?

Response: The following types of insurance should be required when a contract for supplies or services is being solicited: (a) Commercial General Liability insurance; (b) Automobile Liability insurance; (c) Workers' Compensation and Employers' Liability insurance (for injury, disease, and policy disease limits) regardless of the value of the contract. Any other type of insurance (Umbrella/Excess liability or Professional Liability, etc.) coverage that's considered appropriate will be added by ORM based upon the contract terms and conditions.

13. What types of insurance should a contractor have if he has a construction contract?

Response: The following types of insurance should be required when a construction contract is being solicited: (a) Commercial General Liability insurance; (b) Automobile Liability insurance; (c) Workers' Compensation and Employers' Liability insurance (for injury, disease, and policy disease limits); (d) Umbrella or Excess Liability insurance; and (e) Builder's Risk insurance regardless of the value of the contract/project. Any other types of insurance coverage (Installation Floater insurance; Professional Liability, Pollution Liability, 3rd Party Crime, etc.) that's considered appropriate will be added by ORM based upon the contract terms and conditions.

14. Who should determine whether a contractor has appropriate insurance coverage?

Response: A contracting officer is responsible for determining whether the contractor meets the contractual insurance requirement by comparing the insurance requirements to the contractor's certificate of insurance.

15. What factors should a contracting officer take into account in determining the appropriate amount and type of insurance?

Response: The following factors and/or resources should be considered by a contracting officer:

- (a) The written input of the Office of Risk Management (202/727-8600);
- (b) The type of supplies, services or construction being procured; and
- (c) The opinion of the Contracting Officer's Technical Representative (COTR) or Project Manager.

16. How long does a contractor have to maintain insurance?

Response: A contractor has to maintain insurance throughout the entire contract term and until all work has been accepted by the District, *except* in the case of General Liability; any required Professional Liability; and any required Employment Practices Liability insurance, which has to be maintained for five (5) years following the District's acceptance of the work. Since insurance usually expires after one (1) year, it's important to review the COI and COITS to monitor the insurance policy expiration date(s).

In addition, OCP's Information Technology Specialist will program COITS so that it sends a tickler e-mail to contracting officers and ORM announcing that the insurance coverage will expire within thirty (30) days. The e-mail notification serves as a reminder that insurance is required to be maintained throughout the contract term and until all work is accepted. (This does not apply to Professionally Liability insurance, however, since in most cases it has to be maintained for five (5) years after the work is accepted by the District.)

17. What does a contractor have to do if his/her insurance coverage is materially changed?

Response: A material change would include cancellation, expiration, limit reductions, or non-renewal of an insurance policy during the contract period. If this should happen, the contractor is required to: (a) immediately notify the contracting officer in writing (which includes email) of the cancellation, expiration, limit reduction, or non-renewal; (b) obtain replacement insurance coverage; and (c) forward an updated COI to the contracting officer.

18. Can the District stop a contractor from performing or terminate a contract after contract award if the contractor's insurance coverage is cancelled, expires or is simply not renewed?

Response: Yes, since maintaining insurance is a material term of the contract. A contractor's failure to maintain it would allow the District to issue a stop work order until the contractor is in full compliance, or terminate the contract for default.

19. Does a contractor have to provide insurance for his subcontractors?

Response: A contractor must require all of its subcontractors to carry their own insurance in the amounts required under the contract.

20. What should a contracting officer and contract specialist do if they have had very little exposure to the insurance industry and are overwhelmed by all the new terms that are used in the policy?

Response: They should review the comprehensive Insurance Glossary in *Appendix A* of this policy to familiarize themselves with the new insurance terms or contact the Office of Risk Management's Insurance Coordinator.

20. Is COITS is only temporary? How will COI be tracked in the future?

Response: PASS is being upgraded and in the future will be used to track COI.