INSURANCE REQUIREMENTS

Everyone Who Does Business with Your School District Must Have Insurance.

If a vendor is a sole-proprietor and doesn't maintain insurance per the district's Insurance Requirements, the vendor should be required sign a *Waiver of Liability* against the district. Failure to obtain evidence of insurance creates a financial exposure to the district and could be considered "an **unlawful** gift of public funds". We see standard *Insurance Requirements* included within many RFP specifications. However, those boilerplate requirements are often borrowed from other purchasing templates and are not customized to address the unique exposures associated with a particular procurement (think *Building Construction vs. IT Consulting*).

In all purchasing projects, consider the district's exposure to loss (risk) arising from those specific activities. See the following list of recommended coverages. Even Suppliers may have a "Products Liability" exposure (such as food items, supplies or football uniforms and pads?)

DISTRICT REQUIRED INSURANCE SAMPLE

Automobile Liability insurance covering Any Auto, not just "Specified Vehicles".

Commercial (Comprehensive) General Liability insurance including Products, Completed Operations, Independent Contractors, Broad Form Property Damage, Pollution and Blanket Contractual Liability coverages. XCU exclusions to be removed when underground work is performed.

If district students or employees are present, Contractor must provide proof of Sexual Misconduct insurance and certify Background Checks.

Pollution Liability if not provided in Commercial General Liability

Professional Errors & Omissions Liability insurance may be required from all contractors, licensed or certified as professionals; e.g., engineers, architects, insurance agents, physicians, attorneys, etc.

Workers Compensation insurance with limits to comply with the requirements of the Texas Workers' Compensation Act.

Umbrella or Excess Liability insurance affording limits in excess of Automobile Liability, Commercial Liability, Pollution Liability and Worker's Compensation primary coverage if policy limits are insufficient.

All Risk Property Insurance shall be required for any contract or work when property of the District is at risk or in the care, custody and control of the Contractor. Builders Risk insurance shall be required for all construction contracts requiring a bond. All Property insurance shall include coverage against the perils of Domestic & International Terrorism, Freeze, Flood and Earthquake. (An Installation Floater may be substituted when contract involves installation only.)

Cyber & Data Breach insurance including district protection for district funds and records.

Crime Insurance: Employee Dishonesty and Theft, including protection for the district from loss of district funds or property.

Other Important Provisions include 1) Additional Insured, 2) Waivers of Subrogation, 3) Copies of Endorsements, 4) Deductible responsibility, 5) acceptable certificate, 6) statement of claims against Aggregate Limits.

WAIVER SAMPLE

Vendors with no employees; e.g., consultants, teachers, etc. typically do not have sufficient insurance to meet the district's requirements. Waivers may be used that address the following:

1. Vendor will hold the district harmless for injury to the vendor and any employees and damage to the vendor's property.

2. Make the vendor responsible for injury or damage to the district and others, including district employees.

3. State that the vendor is not an employee of the district, and the district is not responsible for group life and health insurance, worker's compensation, unemployment insurance or any other benefits associated with full-time employment.

4. Vendor will abide by the procedures and policies of the district.

CERTIFICATES OF INSURANCE

Evidence of insurance should be on the ACORD 25 certificate form. Review them carefully; we find the majority **unacceptable** as originally offered.

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

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

IMPORTANT: If the 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).

Certificates only describe the coverage at time of issue. No rights are conferred on the holder. Copies of endorsements should be attached to the certificate. Language in the DESCRIPTION OF OPERATIONS section means nothing.

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

Notice is not guaranteed. What does the policy say? Notification of Cancellation or Nonrenewal endorsements are available. Obtain a copy.

NEED HELP?

Much of our time is spent assisting Districts with their insurance requirement language and teaching employees how to read certificates of insurance. Many discussions involve the necessity for the required insurance coverage and the fact that vendors either can't purchase it or it is too expensive. That involves analyzing the district's risk of loss. And sometimes the low bid is thrown out because they do not have adequate insurance.