

SECTION 7: PRE-BUY REVIEWS

SUBJECT: INSURANCE REQUIREMENTS, RISK MANAGEMENT ISSUES Policy 7.2.11

POLICY: For certain purchases of goods and/or services, the University of Washington recommends that vendors are insured and requires proof of insurance in order to enforce this requirement. This proof of insurance protects the University if claims arise after the vendor has gone out of business or is otherwise unavailable to pay claims. The Office of Risk Management helped develop the general insurance requirements below and can consult on mitigating the risks of other types of purchases. Risk Management also manages the University's internal insurance policies. If a contract requires the University to show proof of the University of Washington's insurance, the Office of Risk Management can provide that information. Please see the Risk Management website¹ for more information or to request a certificate of insurance.

PROCEDURE:

1) Vendor Certificates of Insurance

The University of Washington has minimum limit requirements for commercial general liability, automobile liability, professional liability and foreign liability insurance. One or several of these insurance clauses may be needed depending on the goods/services to be provided to the University, .

The relevant clause, including limits is:

*Prior to the commencement of work/service/operations under this purchase order/contract, CONTRACTOR shall provide the University of Washington, Purchasing Department, at 3917 University Way NE, Seattle, WA 98105-6692, with a certificate of insurance evidencing proof of insurance coverage in the amounts stated herein. The **Board of Regents of the University of Washington** shall be named as an additional insured. All policies shall contain an appropriate severability of interests clause.*

CONTRACTOR will provide insurance of at least the following types and amounts:

- Commercial General Liability Insurance
 - \$1,000,000 per occurrence
 - \$2,000,000 aggregate
 - \$100,000 fire legal liability
- Automobile Liability Insurance
 - If services delivered pursuant to this contract involve the use of vehicles, either owned, unowned or hired by the CONTRACTOR, automobile liability insurance shall be required. The minimum limit for automobile liability is \$1,000,000 per occurrence, and owned, unowned and hired vehicles should be covered. A Combined Single Limit for bodily injury and property damage is acceptable.
- Professional Liability/Errors and Omissions Insurance
 - In the event that services delivered pursuant to this Contract, either directly or indirectly, involve or require providing professional services, Professional Liability/Errors and Omissions Insurance shall be required instead of Commercial General Liability insurance.

¹ <http://f2.washington.edu/treasury/riskmgmt/proof>

The CONTRACTOR shall maintain minimum limits of no less than \$2,000,000 per occurrence and \$3,000,000 aggregate.

• Foreign Liability Insurance (If Applicable) Coverage shall include:

- International Commercial General Liability coverage with limits of at least \$5,000,000 per occurrence, including products/completed operations coverage
- International voluntary workers' compensation coverage per statutory requirements
- International auto liability insurance with limits of at least \$1,000,000 per occurrence

CONTRACTOR shall submit to UW within 15 days of the contract effective date, a certificate of insurance that outlines the coverage and limits defined in this section. CONTRACTOR shall submit renewal certificates as appropriate during the term of the contract.

Air and Vessel charters always require proof of insurance. See Policy 8.13 Charter Requirements. Departments should attempt to utilize the contracted suppliers² for charters, or contact Procurement Services to ensure that the proper insurance documentation is received.

Certificates of Insurance are managed by Procurement Services staff. A single blanket certificate of insurance may be accepted for a vendor and cover all transactions with that vendor. Not all suppliers are willing to provide blanket certificates of insurance and may instead provide a certificate of insurance valid for only one event or for a limited period of time. If no blanket certificate is received, the University may need to obtain a certificate of insurance for each discrete event. Certificates of insurance should remain with the contract or purchase order file.

2) Charters

Vessel Charters

"Local Waters" Charter³

\$1 Million per occurrence of marine liability insurance

"Ocean Going" Charter⁴

Marine Protection and Indemnification (Marine P&I) Insurance. Amount will depend on the size and length of the charter but usually no less than **\$5 million per occurrence**.

Aircraft Charters

Large Aircraft Charter⁵

\$25 Million combined single limit insurance

Small Aircraft Charter⁶

\$2 Million combined single limit insurance preferred

\$1 Million combined single limit insurance acceptable

Vehicle Charters

Local Charters

\$5-10 Million per accident, depending on the size and length of the charter

² Available at: <http://f2.washington.edu/fm/ps/how-to-buy/%2523Needtoknow/transportation>

³ Example: The Business School hires a cruise ship to take UW personnel around Lake Washington for an evening

⁴ Example: The Department of Oceanography hires a research vessel to take UW scientists to the Pacific Ocean to study Whale migration patterns

⁵ Example: Intercollegiate Athletics charters a plane for a team flight

⁶ Example: The College of the Environment charters a helicopter to observe wildlife in Washington state

Nationwide Charters, **\$10 million per accident**

Employee-Only Charters

Insurance requirements will be lower for charters that transport only UW faculty and/or staff, due to the presence of workers' compensation, which should pay for injuries to UW employees

Also see Policy 8.13—Charters⁷

3) Risk Management Consultation and Forms

For procurements that present unique insurance risks or exceptionally high levels of risk (e.g., childcare, pollution disposal, fireworks), contact your supervisor who will determine whether Risk Management should be involved.

4) University of Washington Proof of Insurance

The University of Washington is self-insured for liability coverages. The Office of Risk Management administers the self-insurance program for the University of Washington. When a vendor, supplier, charter, hotel, caterer, or other partner requests proof of insurance from the University of Washington, proof of insurance may be obtained from rmcerts@u.washington.edu.

For foreign professional liability insurance, the University may need to purchase a separate policy, depending on the laws of the host country. Risk management has posted a list of countries with known laws related to professional liability.⁸ If foreign insurance coverage is required, contact Risk Management early enough (3-4 weeks in advance) to acquire the insurance.

⁷ Available at: <https://f2.washington.edu/fm/ps/sites/default/files/purchasing/policies-and-procedures/Section8/8.13Charters.pdf>

⁸ See: <http://f2.washington.edu/treasury/riskmgmt/proof/foreignpl>