

Insurance Requirements for Government Contractors



What is Insurance?

- Insurance protects your business
- Insurance transfers risk away from you and your business



What Type of Insurance Do I Need?

- Depends on your business and the contracts you win the work you perform
- Flow down Insurance requirements to subcontractors



Commercial General Liability (CGL)

- Broad in scope to protect your assets.
- Protects you from damage caused to another party.
- Typically shows a limit of liability
- Industry standard is minimum limit of \$1m per occurrence / \$2m aggregate



Automotive Liability

- Any Auto vs Scheduled Auto
- Ask about coverage of the liability of employees driving their own vehicles on job sites or for company business
- Ask about hauling hazardous material and Environmental Liability Policy



Environmental Liability / Pollution Liability

 Protects contractors against pollution conditions caused by their work.



Government Contract Terms & Conditions

- Control F in Solicitation **Documents for Insurance Section**
- Send full requirements to your Insurance **Professional**

red in conformance with the Contract and completed prior to the date of the termination set forth in the Port's notice together with the reasonable cost of terminating any agreements for the supply of materials and/or equipment specially ordered for the Work prior to the date of termination.

INDEMNIFICATION, WARRANTIES, BONDS, AND INSURANCE

- In addition to any other duty to defend or indemnify set forth in the Contract, the Contracto shall defend, indemnify and hold harmless the Port and its employees, agents, and Indemnification commissioners (collectively, the "Indemnified Parties") from all liability, claims, damages, losses and expenses, whether direct, indirect or consequential (including, but not limited to, attorneys' and consultants' fees and other expenses of litigation or arbitration) arising out of the performance of this Contract; provided, however, that where such liability, claim damage, loss or expense arises from the concurrent negligence of (1) the Indemnified Parties and (2) the Contractor, it is expressly agreed that the Contractor's obligations of defense and indemnity under this Paragraph shall be effective only to the extent of the Contractor's negligence. This Paragraph shall not be construed so as to require the Contractor to defend, indemnify, or hold harmless the Indemnified Parties from such claims, damages, losses or expenses caused by or resulting from the sole negligence of
 - In any and all claims against the Indemnified Parties by any employee of the Contractor,

Government Contract Terms & Conditions

automobile liability insurance through and umbrella or excess insurance. Excess and coverage insurance must include the specific components of the underlying required coverage identified below. Any insurance the Port carries will apply strictly on an excess and noncontributory basis over any applicable insurance the Contractor carries.

- B. <u>Contractor</u> shall procure and maintain insurance in the following minimum form and limits.
 - Commercial General Liability insurance on ISO Form CG 00 01 10 01 (or equivalent) for third party property damage, bodily injury, personal and advertising injury, and medical payments in an amount which is not less than \$2 million per occurrence. If the policy contains an annual general aggregate limit, this limit shall be no less than \$2 million per year. The insurance shall cover liability arising from premises, operations, independent Contractors, products completed operations, personal and advertising injury, and liability assumed under an insured contract. The Contractor's insurance shall be primary and non-contributory with respect to any insurance the Port carries and apply separately to each insured. The Port shall be named as an additional insured for all work arising out of Contractors Work, including "on-going" and "completed operations" using ISO Endorsement Form CG 20 26 11 85 or an equivalent endorsement approved by the Port.



Government Contract Terms & Conditions

- ii. Primary and Non-contributory
- iii. Waiver of Subrogation
- Automobile Liability Insurance. <u>Contractor</u> shall provide business automobile insurance for all owned, non-owned, hired, leased, borrowed, or rented vehicles, including trailers, in an amount not less than **\$1 million per occurrence**.
 - a. At Seattle-Tacoma International Airport, the amount shall be not less than \$5 million per occurrence for all driving on the ramp of the (AOA) air operations area, aircraft non-movement area. No driving is permitted on the Airport Movement Area (AMA).
 - b. The Port shall be included on the policy form as an insured; or an additional insured endorsement shall be provided.
- C. Employers Liability Insurance (Washington Stop Gap Liability). The Contractor shall washington State Stop Gap employers' liability insurance. This shall be in an amor million per accident and \$1 million per disease using ISO CG 04 42 11 03 or for This coverage may be provided by endorsing the primary commercial general liab An endorsement evidencing this coverage must be submitted to the Port, alon other insurance documentation.

Other Insurance Types

- Excess / Umbrella Liability
- Errors & Omissions Insurance
- Cyber Risk Liability Insurance
- Workers Comp
- Longshore Workers Comp



Choosing an Agent

- Understands your industry
- Provides the best coverage at the best price, no coverage gaps
- Reputable- https://web.ambest.com/home
- Responsive and Courteous





Calculating Rates

- Risk Factors determine your rate
 - Business experience
 - Location
 - Gross Sales
 - Other





Next Steps?

- Find an insurance professional before you start bidding or signing contracts
- Include costs of coverage in your bid prices
- Never assume your insurance is adequate
- Know how long you need to retain the policy





Resources

Washington APEX Accelerator – No-Cost Advising

https://washingtonapex.org/port-of-seattle-advancedportgen/

Learn more at www.washingtonapex.org or info@washingtonapex.org

