

Contract Insurance Requirements

When doing business with California state government

This guide is intended to educate contractors about insurance requirements for state contracts. These insurance requirements are established to protect the state from damages (bodily injury, property damage and other potential losses) arising out of the contractor's work on behalf of the state. Actual contract insurance requirements will depend on exposures presented based on the scope of work. When awarded a contract, the contractor will be required to provide a certificate of insurance and endorsements as evidence of the contractor's compliance with the state's contract insurance requirements.

The contractor should immediately forward the insurance requirements section of the contract to their insurance provider before submitting a bid. When a contract is awarded, noncompliance with insurance requirements and/or failure to provide the requisite proof of insurance coverage and endorsement(s) will delay the state's ability to authorize a contractor to commence work pursuant to the contract and may result in loss of the contract award.

PLEASE NOTE: *It is extremely important contractors refer to insurance requirements of the contract opportunity. Contact the state representative listed in the solicitation for specific answers about insurance requirements.*

Sample Contract Insurance Requirements

Below are a few examples of insurance provisions state agencies might use. This is not intended to be an exhaustive list. When bidding on a state contract, contractors should carefully read and comply with the specific requirements identified by the awarding state agency in the solicitation.

Commercial General Liability Sample

Contractor shall maintain general liability coverage on an occurrence form with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal advertising injury, and liability assumed under an insured agreement. This insurance shall apply separately to each insured against whom claim is made, or suit is brought subject to the contractor's limit of liability. The policy must name the state of California, its officers, agents, and employees as additional insured, but only with respect to work performed under the contract.

Automobile Liability Sample

Contractor shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability of a motor vehicle including owned, hired, and non-owned motor vehicles. The policy must name the state of California, its officers, agents, and employees as additional insured, but only with respect to work performed under the contract.

Workers' Compensation & Employer's Liability Sample

Contractor shall maintain statutory workers' compensation and employer's liability coverage for all its employees who will be engaged in the performance of the contract. In addition, employer's liability limits of \$1,000,000 are required. A Waiver of Subrogation or Right to Recover endorsement in favor of the state of California must be attached to the certificate.

Additional Sample Insurance Requirements

Additional lines of insurance coverage required by the contract may include, but are not limited to:

- Builder's risk & installation floater
- Commercial property
- Crime (employee dishonesty, forgery)
- Cyber liability
- Pollution liability
- Professional liability

PLEASE NOTE: *A statement on the certificate of endorsements is not acceptable in lieu of the actual endorsement.*

Contract Insurance Reminders

- Immediately contact insurance provider to ensure insurance policies satisfy insurance requirements prior to bidding or providing a quote.
- Upon notice of an awarded contract, immediately send contractual insurance and endorsement requirements to your insurance provider.
- Obtain proof of coverage. Additional lines of insurance coverage may be required by the contract, including, but not limited to:
 - Commercial general liability
 - Automobile liability
 - Worker's compensation
- Ensure all coverages meet the full limits required by the contract.
- Ensure all endorsements meet the full limits required by the contract.
- Ensure all endorsements issued by the insurance company are attached to certificates.
- Immediately send insurance policies, endorsements and certificates to the listed state representative with the signed contract.

These guidelines are for informational purposes only. In the event of any conflict between this resource and any contract or subcontract, the contract or subcontract will govern.

For more information, contact the state representative listed in the solicitation.