

General Insurance Requirements

- General Liability
- Auto Liability
- Workers Compensation
- Professional Liability, if applicable
- Other, depending on nature of contract (e.g., Pollution Liability)

Illustration of an umbrella, a house, a car, a computer, and a stack of money.

Why Insurance?


- Protects the **STATE**
- Protects the **CONTRACTOR**
- Allows Contractor to meet financial obligations imposed by Indemnity Agreement in Contract (Contractor agrees to hold the State harmless and indemnify the State for losses)

Tort Cap vs. Unlimited Liability


- **State's Liability:**
Limited to Tort Claims Cap:
\$500,000 bodily injury & property damage per person and
\$1,500,000 bodily injury & property damage per occurrence

Note: Tort Claims Cap increased on 1/01/2008 and again on 7/01/2009.

- **Contractor's Liability:**
UNLIMITED




General Liability



- **Minimum Limits:**
\$2,000,000 Per Occurrence – BI & PD and
\$2,000,000 Annual Aggregate
- **State of Minnesota should be listed as an Additional Insured**

Why Additional Insured Status?

- **Protects the State from incurring liability unless the State is solely negligent**
- **Transfers defense and indemnity to the Vendor's insurer**





Who Needs General Liability?

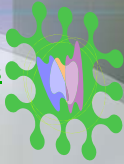
Contractors, Vendors, and Consultants

- Providing on-site services for the state
- Providing OFF-SITE services for the state such as fabricating, repairing, retrofitting...

Note: N/A for commodity purchases, such as off-the-shelf products (call us if in doubt!)


More on General Liability... Off-Site Services

- **Products and Completed Operations**
Examples:
 - ~ Injury results from widget that Contractor produced for the State
 - ~ Liabilities stemming from faulty work that results from Contractor's widget repair for the State
- **Personal Injury** arising out of oral statements (slander) or written material (libel)




More on General Liability... Low Cost Contracts

- Generally, there's little correlation between contract cost and exposure to liability loss
- It's more important to consider loss potential based on Contractor's operations




Automobile Insurance Requirements




- Required if on-site work performed by Contractor/Subcontractor (or their employees)
- Owned, hired, and non-owned autos
- Minimum Limit:
 \$2,000,000 Combined Single Limit
- Personal Auto policy is suitable substitute for Commercial Auto policy, if no vehicles are titled in the business name

Workers Compensation & Employers Liability



- Coverage A – Statutory Limits
- Coverage B – Minimum Limits
 - \$100,000-Bodily Injury by disease by employee
 - \$500,000-Bodily Injury by disease aggregate
 - \$100,000-Bodily injury by accident

Workers Compensation Exemption



- If **MN Statute 176.041** exempts Vendor from MN WC insurance or if Vendor has no employees in MN, Vendor must provide written statement stating qualifying exemption. *Evidence of WC for non-Minnesotans is still required*
- If during course of contract the Vendor becomes eligible for MN WC, Vendor must provide Certificate of Insurance as evidence of compliance

Professional Liability 

- Applicable for services of a professional nature
- Coverage: negligent acts; errors & omissions
- Minimum Limit: \$2,000,000 per occurrence/annual aggregate
- Policy Type: Occurrence or Claims-Made

More on Professional Liability

If Claims-Made Policy:

- Retroactive/Prior Acts date shall not be subsequent to contract effective date
- Must maintain insurance a minimum of 3 years following project or activate Extended Reporting Endorsement for minimum of 3 years if policy cancelled/non-renewed.
- \$50,000 maximum deductible, without financials

Other Policy Provisions

- Vendor's policies shall be primary
- Vendor is responsible for deductibles
- MN authorized insurer
- Insurer with A.M. Best rating of A-, Class VII or better (www.ambest.com)
- 30 days notice of cancellation from vendor's insurer or 5 days notice from vendor after they've received cancellation notice from their insurer

Umbrella

- Umbrella or Excess policies may be used to supplement the limits of the required insurance coverages

(See Sample Certificate of Insurance)



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www.mn.gov/admin/risk

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