

The University of Alabama **Insurance Requirements**

Purpose

The University of Alabama (“University”) is exposed to a financial risk from negligent/wrongful acts when using contractors, service providers, consultants and vendors (hereinafter known as “vendors”) to provide goods or services. An exposure also exists when outside organizations and individuals use or conduct operations at facilities owned by or under the control of the University. To reduce this financial exposure, the University requires vendors doing business with the University, as well as outside organizations and individuals using University facilities, to maintain insurance as necessary to reasonably protect the financial interests of the University.

Policy

All vendors conducting business with the University or conducting operations at the facilities owned or operated by the University must provide evidence of comprehensive general liability, automobile liability, and workers’ compensation insurance. The insurance coverage must meet minimum standards as outlined below and the insurance company must have financial strength rating that confirms the ability to respond to a significant claim.

There may be certain situations where an exposure is deemed either insignificant or more significant and the University will review the situations, as needed, and make adjustments to the basic insurance requirements to fit a particular situation. Examples of this exception may include, but is not limited to large and complex construction projects, public transportation operations, products that are generally known to be hazardous and goods/services where the exposure to a financial loss is negligible. While the University has established this general policy, it reserves the right to consider each situation and to consider exceptions or to require additional coverage or the limits of liability as necessary.

There are other applicable insurance requirements for construction risks, use of University facilities, Greek social organizations, and non-owned, leased and charters aviation risk. These policies and/or requirements can be found on the Risk Management website.

General Insurance Requirements

Commercial General Liability (“CGL”)

Each Occurrence – Premises/Operations	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Products-Completed Operations Limit	\$1,000,000
General Aggregate	\$2,000,000

Fire Damage Liability \$100,000
The CGL must be provided on either ISO form #CG 00 01 (current edition) or an industry equivalent.

Commercial/Business Automobile (“BA”) Liability

Combined Single Limit \$1,000,000
The BA policy must be provided on either ISO form #CA 00 01 (current edition) or an industry equivalent and must include *hired and non-owned* liability. If the work performed on behalf of the University includes service or repairs of licensed vehicles, Garage Liability coverage must be included either as an endorsed coverage on the BA policy or as a separate insurance program.

Workers’ Compensation/Employer’s Liability

Workers Compensation (Coverage Part A) *Statutory*
Employer’s Liability (Coverage Part B)- Per Occurrence \$500,000

Other Insurance

Other types of coverage such as professional liability, errors & omissions, installation floaters, builders risk and surety bonds may be required on certain goods, services or other activities and/or projects.

Excess/Umbrella Insurance

The required CGL and BA limits may be accomplished through a combination of primary and excess/umbrella liability policies written on a follow-form basis.

Depending on the potential for a more serious claim or frequency of claims, certain products, services or contracting exposures may be required to provide excess/umbrella coverage in addition to the primary insurance program outlined above. The classification/categories subject to the excess/umbrella insurance requirements will be determined by the University on a case-by-case basis and the requirements will be explained in the bid specifications.

Certificates of Insurance

In order to protect the University's interests and other parties as necessary, the University must receive a Certificate of Insurance prior to the delivery of goods, commencement of any work and/or scheduled event. The certificate of insurance must include the following elements:

- Insured Entity (must match the name/address of the entity in the contract/purchase order)
- Insurance Carrier(s)
- Policy Effective/Expiration Dates
- Policy Number(s)
- Policy Limits
- Cancellation Notice Provision (Min. 10 days for non-payment - 30 days otherwise)
- Project Number or Purchase Order, if Applicable
- Additional Insured and Waiver of Subrogation Language as Follows:

The Board of Trustees of the University of Alabama, its individual trustees, officers, directors, employees, agents and representatives are included as an additional insured as respect to the Commercial General

Liability and Excess/Umbrella Liability policies. Unless precluded by law, all policies waive the right to recovery or subrogation against the Board of Trustees of the University of Alabama, its individual trustees, officers, directors, employees, agents and representatives.

Duration of Insurance Coverage

The University requires insurance programs be renewed or extended if the vendor conducts operations or provides goods/services for a period beyond the expiration date of the policy(s) referenced on the initial certificate of insurance. The University also requires insurance coverage be extended or renewed during a warranty or adjustment period. The vendor may elect to change insurance carriers without prior approval, but any replacement policy(s) must provide equal coverage and the insurance company must meet the minimum financial rating outlined below.

Insurance Carriers

The policies must be issued by an insurance company licensed to do business in the State of Alabama carrying an *A.M. Best's* rating of A- VII or *Standards & Poor's* rating of BBB+ or better, and the certificate must be signed by an authorized agent.

Insurance Requirement Waivers

In certain cases, the general requirements for certain insurance coverage may be waived, reduced or exceptions allowed. The most notable potential exceptions include, but are not limited to the following:

- 1) Vendors with the financial strength to self-insure part or all of insurance requirements outlined above as evidenced in audited financials reflecting a net worth adequate to absorb self-insured losses.
- 2) In certain situations with a minimal exposure, a sole proprietor operating out of his or her personal residence may be allowed to substitute the CGL and BA requirements with a business activities endorsement on a personal homeowners and auto liability policy.
- 3) If a vendor/contractor elects to participate in a self-insured workers' compensation program, the *A.M. Best's* or *Standard & Poor's* rating requirement may be waived as long as self-insured entity or group trust is in good standing with the appropriate governmental agency and holds a current exemption certificate or certificate of authority. If the authorization to self-insure is subject to a specific and/or aggregate limit, the self-insured entity or group shall provide evidence of excess insurance.
- 4) In situations where goods are purchased and no delivery or notable on-site support is provided, the requirements for automobile liability and workers' compensation may be waived. Some limited deliveries with private passenger cars and lights trucks may also qualify for this exemption and will be handled on a case by case basis.
- 5) If the transaction involves the purchase of goods with no service or installation through a sales agent, authorized dealer or manufacturer's representative, the required product liability coverage may be provided by the manufacturer. The manufacturer must provide a certificate of insurance with language accepting the product liability exposure without any limitations or restrictions as respect to the work or services performed by the dealer, sales agent or manufacturer's representative.

- 6) In very limited situations, if a vendor is allowed a workers' compensation exemption due to the limited number of employees, the coverage requirement may be waived if the type of work is not understood to be hazardous classification. This exception will not be considered on any construction projects. A waiver and/or release of liability may be required if a workers' compensation exemption is allowed.
- 7) Any entity or group associated or affiliated with the State of Alabama or United State government are typically exempt from all insurance requirements. This exemption may also be offered to other governmental operations and/or entities subject to review of the specific situation.

Subcontractors

If a contractor or vendor elects to engage the services of a subcontractor or any other outside parties, it is the obligation of the primary or general contractor/vendor to confirm every subcontractor or outside party meets the insurance requirements outlined above or the primary or general contractor/vendor shall assume all risks.

Impaired Insurance Limits

In the event the insurance program required by the University were to have any pending claims, either at the time the certificate of insurance was produced or to later come to the attention of the vendor, which may limit or exhaust any aggregate limits by more than 20%, the contractor/vendor University shall make a reasonable effort to notify the University within 30 days. The University may require additional insurance or a reinstatement of the limits of liability, as necessary to protect the financial interest of the University.