Insurance Requirements and Certificates of Insurance

I. Summary

Article 11 of the Rensselaer General Terms and Conditions establishes the required insurance to be included in contracts between Supplier/External Users and Rensselaer Polytechnic Institute (“Rensselaer” or “Institute”). The Supplier/External User must comply with these requirements before commencing work, providing goods, or using Rensselaer facilities.

This memorandum provides general guidelines for minimum insurance requirements to be included in a contract and maintained by the Supplier/External User.

II. Definitions

a. Certificate of Insurance

A document that provides evidence that an individual or entity has adequate insurance coverage in force to protect the interests of the Institute (and other parties when necessary).

b. Suppliers

Independent contractors, consultants, vendors, or other service providers providing goods or services under a contract, purchase order, or other written agreement.

c. External Users

Non-Rensselaer individuals or groups using Rensselaer facilities, such as support groups, registered student organizations, or commercial tenants.

d. Indemnification

An agreement to accept responsibility for loss, injury or damage caused by one’s own conduct, through the payment of defense costs and ultimate settlement and/or judgment on behalf of the other party.

e. Additional Insured

A type of status associated with general liability insurance policies that provides coverage to other individuals/groups that were not initially named as an insured. After endorsement, the additional insured will then be protected under the named insurer’s policy and can file a claim in the event they are sued.
f. **Endorsement**

An attachment to an insurance policy that amends or adds to it. In the case of a general liability insurance policy, the endorsement proves that Rensselaer has been added as an additional insured to the Supplier’s policy.

g. **Severability of Interest**

An insurance policy provision indicating that the insurance applies to each insured as though a separate policy were issued to each (except as to policy limits). This would allow coverage to the Institute if it is sued by the Supplier /External User, if otherwise covered under the policy.

### III. Rules and Requirements

a. All agreements between Suppliers or External Users and Rensselaer should include, as part of the contract:

   i. A provision to defend, indemnify, and hold harmless the Institute from loss, injury or damage caused by or as a result of the Contractor/External User’s negligent or intentional acts arising out of the performance of the contract;

   ii. A requirement that the Supplier/External User maintain certain levels of insurance (See Section V below and Minimum Insurance Requirements);

   iii. A requirement that the Supplier/External User add Rensselaer as an additional insured; and

   iv. A requirement that the Supplier or External User provide a Certificate of Insurance and Endorsement showing evidence of compliance with the established minimum insurance requirements prior to commencing work, providing goods, or using Rensselaer facilities. See Section III B below.

b. An agreement between Suppliers/External Users and Rensselaer **may not** include an agreement by which the Institute assume liability for conduct of persons other than Rensselaer officers, agents, employees, students, invitees, and guests.

c. Under the terms and conditions of any contract, purchase order or other agreement, the non-Rensselaer entity is required to show evidence of adequate insurance coverage by furnishing a Certificate of Insurance and Endorsement indicating compliance with all requirements.

d. All Certificates of Insurance issued to Rensselaer by the Supplier/External User must:

   i. Require advance written notice to Rensselaer in accordance with policy provisions, of any modification, change, or cancellation of any component of insurance coverage;

   ii. Indicate that Rensselaer Polytechnic Institute is an additional insured as described in the contract, except for Professional Liability and Workers’ Compensation Insurance;

   iii. Include certification that the insurance policy for Professional Liability coverage includes contractual liability coverage for liability that would exist in the absence of the contract;
iv. Include certification that the General Liability coverage shall be primary insurance as respects Rensselaer, its officers, agents and employees, and that any insurance maintained by the Institute shall be excess of and non-contributory with such insurance.

IV. Compliance/Responsibilities

a. Campus Responsibilities
   i. The Office of Risk Management and Procurement Services will ensure the requirement described in this memo have been met before the commencement date of a contract, purchase order, or other agreement.
   ii. Campus must abide by the Minimum Insurance Requirements (see page 4).
   iii. In certain situations, Risk Management may develop exceptions to the Minimum Insurance Requirements. In some instances, Risk Management may determine that additional risk is involved and higher limits are required, while in other instances Risk Management may determine that lower limits are justified.
   iv. Exceptions to the indemnification requirements must be approved by the Office of General Counsel.

b. Risk Management Responsibilities
   i. The Office of Risk Management shall maintain Minimum Insurance Requirements that establish the minimum insurance requirements for various Institute activities. The Minimum Insurance Requirements will be updated as necessary and posted on Procurement Services’ website.
   ii. Risk Management is responsible for the development of policy regarding Certificates of Insurance.
   iii. The Risk Manager (or designee), as necessary, will make the final determination for any exceptions to the Minimum Insurance Requirements.
   iv. The Risk Manager, as necessary, will assist in developing exceptions to the established Minimum Insurance Requirements.
   v. The Office of General Counsel will advise on and approve exceptions to the established indemnification requirements.

V. Procedures

Consult Procurement Services early in the contract process regarding insurance and indemnification contract provisions. Provide a copy of the contract or agreement or any other contracting documents prior to or with the requisition in OSCAR so that Procurement Services can review the contract in accordance with Rensselaer’s insurance and indemnification requirements. Be sure to select “Services – Insurance Required” in the Special Approver field in OSCAR.
Minimum Insurance Requirements For Suppliers/External Users

**GENERAL**

Unites States Suppliers Only\(^1\)

**A. MINIMUM LEVELS OF COVERAGE**

It is always advisable to obtain the maximum levels of coverage that the Supplier will accept. However, the following are the *minimum* insurance coverage and policy limits that must be included in *all* contracts with Suppliers and External Users. Depending on the activity involved in the contract, additional coverage may be necessary (see Section B below).

**Commercial General Liability**

$2M Each Occurrence  
$2M Aggregate

**Commercial Auto Liability**\(^2\)

$1M Combined Single Limit

**Workers’ Compensation**

Statutory Limits

**Employers’ Liability**

$1M

**B. ADDITIONAL COVERAGE**

Additional coverage may be necessary, depending on the activity involved in the contract. For example, additional coverage and limits are normally required for activities that involve a higher risk, including but not limited to:

- Construction activities including but not limited to facilities alteration, equipment installation, campus planning, demolition, engineering, land use and materials testing;
- Charters of aircraft, watercraft or ground transportation;
- Environmental activities, including but not limited to purchase, use or application of hazardous materials, environmental testing, monitoring, assessment or cleanup, transport of hazardous material, pesticide spraying, and certain recycling and waste reduction activities;
- Contracts with professionals such as lawyers, actuaries, architects, engineers, executive search consultants and other professional services (Professional Liability insurance);
- Events at which alcohol will be served or sold.

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\(^1\) Consult Risk Management for suppliers outside the United States.  
\(^2\) Auto Liability only required when supplier’s vehicles will be used for purposes other than commute purposes.

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FREQUENTLY ASKED QUESTIONS

1. **What does it mean for a Supplier/External User to “indemnify” the Institute?**
   When a Supplier agrees to “indemnify” Rensselaer, it agrees to pay the Institute’s cost for any claim that is caused by the goods or services outlined in the contract. For example, if someone slips on a floor recently mopped by a Supplier hired to maintain a Rensselaer building, the Supplier would be required to hire an attorney to defend Rensselaer and pay any settlement and/or judgment against the Institute. The provision that provides indemnify usually contains terms such as “hold harmless”, “indemnify” and/or “defend”.

2. **Why is the Supplier/External User required to have insurance?**
   The insurance protects Rensselaer from loss, injury or damage caused by the negligent or intentional acts of the Supplier/External User. A Supplier could potentially cause financial loss to the Institute far greater than the value of the contract. Anyone working for or on behalf of Rensselaer exposes Rensselaer to liability, however small the task. The requirement that the Supplier have adequate insurance coverage naming Rensselaer as additional insured protects the Institute from loss or damage due to the negligence of the Supplier.

3. **Why is it important for the Supplier/External User to have this insurance?**
   If the Supplier has agreed to indemnify the Institute, but does not have insurance that covers the claim, the Supplier is still responsible for paying Rensselaer’s costs relating to the claim. These costs would need to be paid by the Supplier itself “out of pocket”. Because many suppliers cannot afford this, Rensselaer may not be able to recover these costs, or may need to spend the same amount, if not more, suing the Supplier to recover. The insurance (naming Rensselaer as additional insured) helps protect the Supplier and Rensselaer.

4. **What if the Supplier has insurance, but it does not meet the recommended minimum insurance limits required?**
   The Supplier should ask its insurance broker and/or carrier to increase coverage limits to meet Rensselaer requirements. Alternatively, Risk Management may issue an exception to the Minimum Insurance Requirements given the Supplier’s proof of insurance, its limits, and the risk of the Supplier’s proposed scope of work.

5. **What if the Supplier is unable to secure additional coverage?**
   All Suppliers must provide and meet the Minimum Insurance Requirements. Only under extenuating circumstances after an analysis by Risk Management may an exception be made to the requirements. Each exception is made on a case by case basis when there is no feasible alternative.

6. **What if the Supplier does not have insurance?**
   See Question 5, above.

7. **What if the Supplier is performing work/services that involves hazardous activity or poses a high risk?**
   Contact Procurement Services early in the contract process to initiate a discussion and assessment of the risks associated with the work or services to be performed, and to determine what the appropriate insurance requirements may be.

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8. **Who can provide a recommendation as to when higher limits should be required of a Supplier?**
   Risk Management and/or Procurement Services can assist in these efforts. If necessary, Risk Management can engage the Office of General Counsel and/or the Institute’s insurance broker to assist in determining what insurance is appropriate.

9. **What if I need an exception to the recommended minimum insurance requirements?**
   You must consult with Risk Management, which will perform a risk identification and assessment, and provide a recommendation.

10. **What if I don’t agree with the recommendation made by Risk Management?**
    Contact the Office of General Counsel. General Counsel will make the final determination for any exceptions to the recommended minimum insurance requirements.

11. **Can the recommended insurance requirement be waived in its entirety?**
    No, the insurance required cannot be waived. All Suppliers providing goods or services or using Rensselaer facilities must provide evidence of insurance.

12. **How do I know if Rensselaer’s insurance requirements have been met?**
    A Certificate of Insurance must be provided to Rensselaer’s Procurement Services and to Risk Management before the commencement date of a contract, purchase order, or other agreement for services. A Certificate of Insurance provides evidence of insurance to meet the indemnification requirement stipulated in the contract. Upon receipt of the Certificate of Insurance, it must be reviewed for compliance by Risk Management.

13. **Who do I contact if I need assistance or have questions?**
    Procurement Services and/or Risk Management should be consulted early in the contract process to assist with risk identification and assessment, to ensure the appropriate insurance coverage is in place, and that the arrangement complies with Rensselaer’s requirements.