

2.402 Insurance Requirements (Vendors)

Insurance transfers the risk of loss from one party (the insured) to another party (the insurer), such that the insurer promises to pay the insured, or others on behalf of the insured, an amount of money for a loss. Projects should actively engage in risk management by closely reviewing contract language and requiring vendors to obtain the necessary insurance coverage.

I. Responsibilities

A. Principal Investigator

Review COIs to verify that risk-management insurance requirements are met.

B. Fiscal Administrator

Work with the Principal Investigator and the Project staff to ensure that risk-management insurance requirements are met.

II. Details of Policy

A. **General Requirements** – All vendors performing construction work, providing transportation services, or performing other services or activities that may be hazardous, dangerous, or carry some risk, must maintain the following insurance coverage:

1. **General Liability** – The vendor must maintain general liability insurance that provides combined single-limit coverage (bodily injury and property damage) in the amount of \$1,000,000 per occurrence and \$2,000,000 per project aggregate. The required limits of insurance may be provided by a single policy or through a combination of primary and excess policies. The insurance shall name the RCUH and the State of Hawaii as additional insureds (other entities may be listed as an additional insured depending on the situation).
 - a. *Watercraft (including the chartering of marine vessels), Aircraft, Helicopter, and Bus Services* – If the vendor is providing transportation services, including but not limited to, watercraft, aircraft, helicopter, or bus services, the vendor must maintain the appropriate general liability insurance **for the specific type of transportation service performed**, which must provide a minimum combined single-limit coverage (bodily injury and property damage) of \$5,000,000 per occurrence, in lieu of the \$1,000,000 per occurrence and \$2,000,000 per project aggregate amounts. The required limits of insurance

may be provided by a single policy or through a combination of primary and excess policies. The insurance shall name RCUH, the State of Hawaii, and the University of Hawaii (for UH projects) as additional insureds (other entities may be listed as an additional insured depending on the situation). Refer to [Policy 2.403 Watercraft, Aircraft, Helicopter, Bus Services \(Vendor Solicitations\)](#) prior to soliciting any transportation service. Refer also to [Policy 2.404 Utilizing and Chartering Marine Vessels](#) when chartering a marine vessel.

2. Automobile – The vendor must maintain automobile liability coverage for all autos used (owned, non-owned, and hired), with coverage of not less than \$1,000,000 per occurrence for bodily injury (per person); not less than \$1,000,000 per occurrence for bodily injury (per accident); and not less than \$1,000,000 per occurrence for property damage. The required limits of insurance may be provided by a single policy or through a combination of primary and excess policies. The insurance shall name RCUH, the State of Hawaii, and the University of Hawaii (for UH projects), as additional insureds (other entities may be listed as an additional insured depending on the situation).
3. Workers' Compensation and Employers' Liability Insurance – The vendor must maintain workers' compensation and employers' liability insurance if employing persons performing services under the agreement, at the following limits:
 - a. *Workers' Compensation* – Hawaii Statutory Limits
 - b. *Employers' Liability (Bodily Injury)* – The vendor must maintain the following minimums:
 - i. Each Accident – \$1,000,000
 - ii. Disease Each Employee – \$1,000,000
 - iii. Disease Policy Limit – \$1,000,000
 - c. Watercraft vendors must maintain the proper maritime/longshoreman coverage when applicable.

Whenever possible, waivers of subrogation should also be provided in favor of the RCUH and the State of Hawaii (and other entities, such as UH, depending on the situation). Contact RCUH Procurement if you have questions regarding the listing of a different entity.

4. Additional Coverage
 - a. *Construction* – Vendors providing construction services must obtain builders' risk coverage (in an amount equal to the contract amount) that lists the RCUH as a loss payee and contains a waiver of subrogation.
 - b. *Professional Liability* – Vendors providing professional services must carry professional liability insurance coverage in the amount of \$1,000,000 per claim and \$2,000,000 annual aggregate for any contract over \$200,000.

- c. *Inherently Dangerous Activity* – Consult with RCUH Procurement whether any additional insurance is required.

B. Certificate of Insurance (General Requirements) – The vendor must provide a certificate of insurance (COI) to RCUH to confirm that the above requirements have been met. The required elements of a COI include the following:

1. Date – The date the COI was issued must be no more than thirty (30) days prior to the date it is submitted.
2. Name of Insured – The name of the “Insured” should match the name of the vendor on the Purchase Order/contract.
3. General Liability – The general liability section must be on an “Occurrence” basis and not a “Claims Made” basis.
4. Identify Project/Program – In the “Remarks” section of the COI, the specific Project, including pertinent dates, should be identified so that it is clear what activity the COI is related to.
5. Effective Date – The effective date should be no later than the contract date or the first date the vendor will begin work.
6. Expiration Date – Projects are responsible for monitoring the expiration date to ensure that new COIs are requested and received prior to the policy’s expiration.
7. Any Auto – The “Any Auto” box should be checked as the coverage type for auto liability insurance.
8. Liability Limits – The liability limits on the COI should comply with the requirements discussed in Section II.A above, by coverage type. Coverage below the stated requirements may be supplemented by umbrella liability coverage, provided the additional Insureds are also listed under the umbrella policy.
9. Additional Coverage – If other coverage (e.g., professional liability, builders’ risk, etc.) is required, it should be indicated in the “Other” section.
10. Additional Insured – In the “Remarks” section of the COI, RCUH and the State of Hawaii should be listed as additional insureds; UH Projects should also list the University of Hawai’i as an additional insured. Other entities (e.g., other parties with an interest in the contracted work) may be listed as an additional insured depending on the situation. Contact RCUH Procurement if you have questions regarding the listing of a different entity as an additional insured.
11. Certificate Holder – The certificate holder should be RCUH, c/o the Project’s address.
12. Waiver of Subrogation – A waiver of subrogation is required for all builder’s risk insurance policies obtained in construction projects. A waiver of subrogation

should also be included for vendors' workers' compensation and employers' liability policies if possible.

13. Priority of Coverage – In the “Remarks” section of the COI, it should be stated that any insurance maintained by the RCUH will apply in excess of, and not contribute with, insurance provided by the vendor's policy.

III. Relevant Documents

[Policy 2.203 Vendor Terms and Conditions](#)

[Policy 2.204 Services Agreements](#)

[Policy 2.209 Construction Contracts](#)

[Policy 2.210 Professional Services Contracts](#)

[Policy 2.403 Watercraft, Aircraft, Helicopter, Bus Services \(Vendor Solicitations\)](#)

[Policy 2.404 Utilizing and Chartering Marine Vessels](#)

[UH AP 8.400 Risk Management Guidelines and Procedures](#)

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