



## Reviewing Contracts Insurance Requirements and Proof of Coverage

This document is meant to serve as a quick- reference guide to insurance in an effort to assist you while writing, updating, and reviewing contracts. It is not intended to be, and is not, all-inclusive; it is subject to change; and is not being provided as a means to circumvent the contract review process. A glossary of terms and examples of supporting documents are included at the end of this document.

If you have questions and about the type and coverage amounts needed for a specific contract, please contact Risk Management.

### Why do we require contractors to carry insurance?

In short, to protect the County from lawsuits from third parties stemming from personal injury or property damage caused by the actions of our contractors, lease holders, or their employees.

### What types of insurance does the County require?

The County requires most contractors and lease holders to carry General Liability Insurance. Most service contracts will also require Auto Liability Insurance, and some will also require Professional Liability Insurance. There may be times where Professional and/or Auto Liability coverage is not needed at all, depending on the type of services being provided. For example, Auto Liability coverage may not be needed if the Contractor is not driving on County property or transporting clients. Professional Liability would not be needed unless the Contractor is providing services that would require advanced training or certifications, such as medical providers, architects, engineers, and accountants. Auto Liability coverage will be required if a Contractor is receiving travel/mileage reimbursement as part of the terms of the contract.

Workers' Compensation insurance is required of all employers, but some contractors may be exempt from carrying coverage. In those situations, the contractor must certify that they are exempt from the Workers' Compensation coverage requirements by completing and signing a *Workers' Compensation Exemption Certificate*, included in the contract as a separate exhibit. If a contractor is **not** exempt from Workers' Compensation coverage, the County must obtain proof of workers' compensation coverage and also requires a waiver of subrogation endorsement. **It is imperative that proof of coverage or exemption prior to allowing work to begin under the contract; failure to do so could mean that the County would be held responsible for the contractor's workers' compensation claims and will have to pay the cost of these claims.**

## **What insurance limits are required?**

At a minimum, most contractors will be required to carry and maintain the following insurance limits and accompanying endorsements:

- \$1M per Occurrence and \$2M Annual Aggregate limits for Commercial General Liability with an Additional Insured endorsement listing the County, its officers, employees, volunteers, and agents as Additional Insureds (and in some cases the State of Oregon)
- \$1M per Occurrence and \$2M Annual Aggregate limits for Professional Liability, if applicable
- \$1M Commercial Automobile Liability, if applicable, with an Additional Insured endorsement listing the County, its officers, employees, volunteers, and agents as Additional Insureds
- \$1M or Statutory limits for Workers' Compensation, if applicable, with a waiver of subrogation endorsement

There may be times the insurance limits may be adjusted. For example, if a contractor is providing state-funded services for Health Services, the insurance limit requirements are \$3M per Occurrence/\$5M Aggregate for General Liability. This is in line with the liability limits set by the Oregon Tort Claims Act and the State of Oregon is also listed as an additional insured.

Higher limits for General Liability Insurance may be considered for higher risk contracts involving road and construction work. In contrast, we may agree to accept lower policy limits for Workers' Compensation or Auto Liability depending on the type of services being provided. For example, if a Contractor is providing consultative services only and travel reimbursement is included in the contract we may accept an Auto Liability policy of \$500k instead of \$1M.

## **How does the Contractor prove they have the insurance coverage a contract requires?**

Contractors must provide a current Certificate of Insurance (COI) with the signed contract. The COI is a simple form issued by the contractor's insurance broker/agent that lists the types of coverage, the issuing insurance company, policy number, name of the insured, the policy's effective dates, the types and dollar amounts of limits and deductibles, and any endorsements included in the policy, such as the additional insured endorsement and/or waiver of subrogation. The COI is not a legally binding document, so copies of any required endorsements should also be provided by the contractor. The contractor is also required to notify the County in writing at least 30 days in advance of any cancellation, termination, material change, or reduction of limits of the insurance coverage. Contractors, usually through their insurance company, also need to provide updated COI's when a new policy period begins. The County can also request complete copies of a contractor's insurance policies.



## Glossary

- Aggregate– a limit in an insurance policy stipulating the most it will pay for all covered losses sustained during a specified period of time, usually a year.
- Automobile Liability Insurance – needed if a contractor will be driving as part of performing the services in the contract, especially when providing any sort of transportation to clients under the contract.
- Certificate of Insurance – a document that provides proof of insurance coverage and condenses crucial information about the policy on one page
- Endorsement – also known as a rider; adds, deletes, excludes, or changes insurance coverage. It can be used to increase standard limits of coverage and take precedent over the original agreement/policy.
- General Liability– normally covers bodily injury, personal injury and property damage.
- Indemnification/Indemnify– Indemnification is a contractual method of transferring risk. In an Indemnification provision, one part, called the “indemnitor,” agrees to take the financial responsibility for certain risks that otherwise would have to be paid by the other part, called the “indemnitee.”
- Occurrence – an event that can result in the filing of an insurance claim. Occurrence policies cover claims made for injuries sustained during the life of an insurance policy, even if the claim is filed after the policy has been canceled.
- Professional Liability Insurance– also known as professional “Errors and Omissions” insurance; available for most providers with advanced training and certification such as physicians, nurse practitioners, social workers, accountants, architects, engineers, computer program designers, and brokers.
- Tort Claim– a civil claim for personal injury or wrongful death, or other forms of negligence where the government is allegedly at fault.
- Workers’ Compensation insurance – provides wage replacement and medical benefits to employees injured in the course/scope of employment. Oregon requires most employers to carry workers’ compensation insurance for their employees.



# Oregon Workers' Compensation Certificate of Insurance

**Mail to:**

**Certificate holder:**

[REDACTED]

DESCHUTES COUNTY  
1300 NW WALL ST  
BEND, OR 97701

The policy of insurance listed below has been issued to the insured named below for the policy period indicated. The insurance afforded by this policy is subject to all the terms, exclusions and conditions of such policy; this policy is subject to change or cancellation at any time.

**Insured**

[REDACTED]

**Producer/contact**

SAIF Corporation  
Portland Service Center  
503.673.5283 servic@saif.com

**Issued** 09/21/2020  
**Policy** 890414  
**Period** 02/01/2020 to 02/01/2021

**Limits of liability**  
Bodily Injury by Accident \$500,000 each accident  
Bodily Injury by Disease \$500,000 each employee  
Body Injury by Disease \$500,000 policy limit

**Description of operations/locations/special items**

Waiver of Subrogation for Deschutes County effective 9/17/20.

**Important**

This certificate is issued as a matter of information only and confers no rights to the certificate holder. This certificate does not amend, extend or alter the coverage afforded by the policies above. This certificate does not constitute a contract between the issuing insurer, authorized representative or producer and the certificate holder.

Authorized representative



Kerry Barnett  
President and CEO

**EXHIBIT #**  
**CONTRACT TYPE**  
**Contract No. YYYY-XXX**  
**Workers' Compensation Exemption Certificate**

(To be used only when Contractor claims to be exempt from Workers' Compensation coverage requirements)

Contractor is exempt from the requirement to obtain workers' compensation insurance under ORS Chapter 656 for the following reason (*check the appropriate box*):

**SOLE PROPRIETOR**

- Contractor is a sole proprietor, and
- Contractor has no employees, and
- Contractor shall not hire employees to perform this contract.

**CORPORATION - FOR PROFIT**

- Contractor's business is incorporated, and
- All employees of the corporation are officers and directors and have a substantial ownership interest\* in the corporation, and
- The officers and directors shall perform all work. Contractor shall not hire other employees to perform this contract.

**CORPORATION - NONPROFIT**

- Contractor's business is incorporated as a nonprofit corporation, and
- Contractor has no employees; all work is performed by volunteers, and
- Contractor shall not hire employees to perform this contract.

**PARTNERSHIP**

- Contractor is a partnership, and
- Contractor has no employees, and
- All work shall be performed by the partners; Contractor shall not hire employees to perform this contract, and
- Contractor is not engaged in work performed in direct connection with the construction, alteration, repair, improvement, moving or demolition of an improvement to real property or appurtenances thereto.

**LIMITED LIABILITY COMPANY**

- Contractor is a limited liability company, and
- Contractor has no employees, and
- All work shall be performed by the members; Contractor shall not hire employees to perform this contract, and
- If Contractor has more than one member, Contractor is not engaged in work performed in direct connection with the construction, alteration, repair, improvement, moving or demolition of an improvement to real property or appurtenances thereto.

\*NOTE: Under OAR 436-050-050 a shareholder has a "substantial ownership" interest if the shareholder owns 10% of the corporation or, if less than 10% is owned, the shareholder has ownership that is at least equal to or greater than the average percentage of ownership of all shareholders.

\*\*NOTE: Under certain circumstances partnerships and limited liability companies can claim an exemption even when performing construction work. The requirements for this exemption are complicated. Consult with County Counsel before an exemption request is accepted from a contractor who shall perform construction work.

\_\_\_\_\_  
Contractor Printed Name

\_\_\_\_\_  
Contractor Signature

\_\_\_\_\_  
Contractor Title

\_\_\_\_\_  
Date