

Policies and Procedures Handbook

Illinois Institute of Technology

Procedure No.: E.6

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Subject: Insurance Requirements for Third Parties

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When entering into contracts, leases, agreements and purchase orders between the University and third parties, it shall be the responsibility of the administrator executing the contract, lease, agreement or purchase order to give due care and consideration that the third party is appropriately insured. Although each situation is unique, the standards below should serve as guidelines for the type and amounts of insurance that should be expected of third parties. If in a particular case, the administrator has doubt as to the appropriateness of or need for certain insurance and/or insurance provisions, he or she should contact the General Counsel's Office.

1. As a general rule, if the third party will perform work on campus or employees or agents of the third party will be on campus, then the contract, lease, agreement or purchase order should require that Illinois Institute of Technology be named as an Additional Insured on the third party's general liability and, if applicable, automobile policy.
2. The third party should be required to carry insurance from a carrier licensed to do business in Illinois that is rated "A- VIII" or better by A.M. Best (or comparable rating).
3. The contract, lease, agreement or purchase order should require that the third party's insurer provide at least 30 days' prior written notice to the University of termination or modification of all required insurance coverage.
4. If the third party will be performing design, construction, construction-like activities, demolition or other activities generally considered to be of a hazardous nature, then the contract, lease, agreement or purchase order should require that the third party's commercial general liability insurance should be "primary and not contributory" and its property insurance should include a "waiver of subrogation" in favor of the University.
5. As a general rule, contracts, leases, agreements or purchase orders should require that the third party have the following insurance in the following amounts:
 - a. Commercial general liability insurance with limits not less than \$2,000,000 combined single limit for personal injury, sickness or death or for damage to or destruction of property for any one occurrence;^{1 2 3}
 - b. Property insurance insuring the full replacement cost of all equipment, real and/or personal property owned or used by the third party in connection with the contract, lease, agreement or purchase order;
 - c. Worker's compensation insurance in an amount not less than the required statutory limits and including employer's liability insurance with limits of not less than \$500,000 per occurrence³; and

d. If the third party is using a vehicle to perform services for the University, comprehensive automobile liability for all owned, non-owned and hired vehicles with bodily injury limits of no less than \$1,000,000 per person, \$1,000,000 per accident; and property damage limits of no less than \$1,000,000 per accident.^{2 3}

6. The contract, lease, agreement or purchase order should require that upon execution and within 15 days before the expiration of each required policy, the third party will deliver to the University certificates evidencing the required insurance or renewal thereof along with any other conditions or requirements set forth in this Policy.

¹ When the University rents or provides space to a not for profit or a community group for the purpose of holding a meeting, it is generally sufficient that the not for profit or community group only demonstrate that it has \$1,000,000 in commercial general liability insurance. If a proposed not for profit or community group seeking to rent or to utilize space on campus does not have its own insurance or does not have adequate insurance, it can procure a limited policy sufficient to satisfy the University's requirements through a program known as TULIP (Tenants and Users Liability Insurance Program) offered by the University Risk Management and Insurance Association, of which the University is a member. More information on TULIP is available at <https://tulip.ajgrms.com> or by contacting the General Counsel's Office.

² The particulars of a contract, agreement or purchase order may justify a lower policy limit, which, in all but highly unique circumstances, should not be less than \$1,000,000, or higher policy limits; however, such a determination is dependent of the facts and circumstances unique to the situation. Factors to consider include, but are not limited to: (i) the nature of the services to be rendered, (ii) where the services will be rendered, (iii) the duration of time for which the services will be rendered, (iv) whether the services involve electricity, gas, flammables or dangerous chemicals or materials, and (v) the likelihood of injury (and the severity of that injury) or damage to property (and the extent of that damage) if it were to occur.

³ Major construction and design contracts should have significantly higher limits, and the responsible administrator should discuss these contracts with the General Counsel's Office.