

# MONTANA TECH

## DETERMINING APPROPRIATE INSURANCE REQUIREMENTS

### STEP ONE: Determine what type of insurance should be required.

There are now primarily five separate types of insurance requirements that the University should evaluate to fit specific insurance needs – Commercial General Liability, Automobile Liability, Professional Liability, Workers' Compensation, and Property. If questions arise about coverage's, endorsements, and/or certificates of insurance, contact Purchasing. The five types of insurance are:

- **Commercial General Liability Insurance:** should be required when contractors perform work on state premises or property, other than the routine delivery of supplies. This coverage should also be required where bodily injury or property damage may occur as a result of the service being provided and in most traditional (i.e. accountants, architects, engineers, doctors, lawyers, etc.) professional liability contracts.
- **Automobile Insurance:** should be required if the contractor will be transporting state employees, state guests, state clients, or state products as part of the contract.
- **Professional Liability Insurance:** should be required in most traditional professional liability contracts (i.e. accountants, architects, doctors, engineers, lawyers, etc.) and in all other miscellaneous professional liability contracts where errors and omissions may result in significant economic damages for anyone who gives advice or provides services on which others have reason to rely and may be subject to legal action if the advice or service proves faulty.
- **Property Insurance:** should be required in any contract that involves renovation or construction of state buildings.
- **Workers' Compensation insurance or an exemption:** should be required in all contracts.
- **Cyber Insurance:** *This is fairly new.* It should be required for software or web developer type contracts where the contractor is handling any student records and where they have access to personal identification numbers (student/employee ID, SSN, etc.), credit card, financial information or other information that uniquely identifies an individual. Cyber insurance is meant to cover the unauthorized acquisition of personal acquisition such as social security numbers, credit card numbers, financial account information, or other information that uniquely identifies an individual and may be of a sensitive nature in accordance with §2-6-1501, MCA through §2-6-1503, MCA.  
*Sometimes Technology Errors & Omissions coverage is accepted in place of cyber insurance.*

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## STEP TWO: Evaluate the risk associated with the contract.

The University recommends that contracts require limits of \$1,000,000 per occurrence /\$2,000,000 per aggregate since these limits most closely coincide with the state's tort damage caps. However, the University recognizes that we enter into contracts in which the standard levels of coverage may be excessive with certain contracts. Departments should work with Purchasing to determine if the level of risk associated with the contract is low, moderate, or high. The size of the contract in and of itself should not determine coverage limits. Any questions should be directed to Purchasing. If exceptions are made to the \$1,000,000/\$2,000,000 recommended levels, Purchasing must be notified.

### Examples of Contract Risk Levels (Risk levels are generally determined by reasonably anticipated worse case exposure)

<b>Exempt/Low</b>
- Speakers, Instructors, exhibitors, or vendors– lecturing or providing demonstrations to smaller groups, or classes with little or no risk involvement to students or audience. These individuals or groups will generally be exempt from General liability insurance. If you have doubts about the risk level, contact Purchasing.
<b>Moderate</b>
- UM Use of Outside Facility, Instruction and Supervision of Use or on-site provision of service ( Physical Therapy or waste disposal)– These can be a moderate level or high level depending on the activity offered. (i.e. yoga, swing dance, Pilates, kayaking, rock climbing, hockey, Equestrian Activity, other fitness center activities)
<b>High</b>
- Construction Contracts – Contracted Services for new construction, renovations or facility maintenance.
- Outside Vendor utilizing University Facilities for high risk events such as (Monster Truck Show or Big Sky Fun Trampoline, Bouncy Boxing, Shrine Circus or Skate and Bike Stunt Show)
- Pesticide Application
- Provision of Food and Beverage

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## INSURANCE COVERAGE

Type of Contract	General Liability	Vehicle Liability	Professional Liability	Fire & Extended Coverage or All Risk	Workers' Compensation Coverage
Construction Contracts	R	→	→	R	R
General Services Contract s (e.g. housekeeping, maintenance, etc.)	R	→			R
Lease (tenant of entire building or ground lease with building reverting to agency)	R			R	
Traditional professional service contracts (i.e. architects, accountants, engineers, doctors, lawyers, medical, etc.)	R	→	R		R
Miscellaneous professional service contracts (i.e. non-traditional etc.)	R	→	→		R
Transportation contracts or where contract requires substantial use of automobile.	→	R			R



Optional – where there is an exposure or risk that would warrant insurance.



Usually required.

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TYPE OF INSURANCE	LOW	MODERATE	HIGH
	(COMBINED SINGLE LIMITS, except for Auto)		
General Liability	\$300,000 per occurrence	\$500,000 per occurrence	\$1,000,000 per occurrence
	\$600,000 aggregate	\$1,000,000 aggregate	\$2,000,000 aggregate
Auto	Split limits of \$500,000 per person (personal injury), \$1,000,000 per accident occurrence (personal injury), and \$100,000 per accident occurrence (property damage); OR Combined single limits of \$1,000,000 per occurrence to cover to cover such claims as may be caused by any act, omission, or negligence of the Contractor or its officers, agents, representatives, assigns or subcontractors.		
Professional Liability	\$300,000 per occurrence	\$500,000 per occurrence	\$1,000,000 occurrence
	\$600,000 aggregate	\$1,000,000 aggregate	\$2,000,000 aggregate
Property	Replacement Cost usually	Replacement Cost	Replacement Cost
Workers' Compensation	Statutorily Defined	“ “ “ “	“ “ “ “

**Note:** the level of risk may vary within the same contract if more than one type of insurance is required. The insurance limits stated in these specifications are recommended minimums and may need to be increased or reduced to reflect the risk associated with performance of the contract.