



# ALAMANCE COUNTY, NORTH CAROLINA CONTRACTOR'S INSURANCE REQUIREMENTS & GUIDELINES

## Certificates of Insurance / Proof of Insurance

### What is a Certificate of Insurance?

A certificate of insurance is a document used to provide information on specific insurance coverage. The certificate provides verification of the insurance and usually contains information on types and limits of coverage, insurance company, policy number, additional insured, and the policies' effective periods.

Although the certificate should not be substituted for information contained in the actual insurance policies, it is usually a reliable source of information or proof of insurance coverage.

Certificates are usually requested by opposite parties in an agreement, contract, or transaction to make certain the other party has the appropriate insurance coverage.

Contracts requiring evidence of insurance and additional insured coverage for third parties should follow the procedures and Insurance Requirement amounts set forth herein.

## Contractors / Service Providers on County Property

### Why We Require Insurance

There are obvious reasons for the County to require insurance. The County uses a written contract form for County contracts that includes both an insurance requirement and an indemnity clause. Insurance is for the benefit of the Contractor as much as it is for the County. Contractors/ Service Providers must sign an agreement which has an indemnity agreement that requires the Contractors/Service Providers to indemnify and defend the County for any loss or damage caused by the Contractors/Service Providers, sub-contractors or anyone in their party. The insurance provides the ability to meet that obligation. It also protects the Contractor/Service Provider against risks. For example, if someone tripped over an electric extension cord that the Contractor/Service Provider brought onto County property to run a tool, the person who tripped over the cord might sue the Contractor/Service Provider as well as the County. The Contractor/Service Provider would thus also benefit from insurance coverage.

The requirement for insurance also provides protection for the County for property damage done to its facilities by the Contractors / Service Providers through work performed pursuant to contracts.

## Insurance Requirements/ Contractors & Service Providers

### Basic Contract Wording For Indemnity & Insurance Clauses for Letter or Contract

All Contractors or Service Providers should have a contract for services with the County. A letter agreement may serve as the contract, but must be signed by both parties. In addition to the basic information of “who, what, where, when and why” for services rendered, the contract should include a paragraph on indemnity and a paragraph on insurance. While these are elements related (the insurance guarantees that the named party will have the resources to meet its indemnity agreements) they are legally distinct, and must not be linked in the contract, or placed in the same paragraph.

The paragraphs should read:

#### Indemnity Agreement

To the fullest extent permitted by Law, the (named party) will defend, indemnify and hold harmless (legal name: Alamance County), including its officers, agents and employees from and against claims, damages, losses and expenses, including but not limited to attorney's fees, arising out of, or from the performance of its operations or services, or any act, omission, claim or loss of any of its officers, agents and employees or any other party they are responsible for, regardless of whether or not such claim, damage, loss or expense is caused in part by a party indemnified hereunder. Such obligation shall not be construed to negate, abridge or reduce other rights or obligations of indemnity that would otherwise exist in the absence of this agreement.

#### Insurance Requirements

At Contractor's / Service Providers, sub-contractors or anyone in their party sole expense shall procure and maintain the following *minimum insurances* with insurers licensed in North Carolina. Alamance County reserves the right to require higher insurance requirements as deemed necessary for the performance of all Alamance County projects and service contracts. The following insurance is required with these minimum limits of liability:

1. **Commercial General Liability** (covers an insured exposure to the public relating to products, premises and complete operations)- \$1,000,000 per occurrence / \$2,000,000 aggregate (most paid out in policy term [one year])
2. **Commercial Auto Liability** (covers an insured for bodily injury and property damage to a third party including owned, non-owned and hired vehicles)\*- \$1,000,000 per occurrence
3. **Workers Compensation** [covers all employees, including Employer's Liability ] required for all contractors / service providers (with underwriters desirability classification color of silver, yellow, red and black) – All others Statutory limits\*\*: \$500,000 per accident; \$500,000 Disease- Each Employee; \$500,000 Disease Policy Limit
4. **Professional Liability** - \$1,000,000 CSL per occurrence (when required)
5. **Builder's Risk** (insurance issued on an “All Risk” form, subject to exclusions, and shall not exclude coverage for earthquake, landslide, flood, collapse, or loss due to the results of faulty workmanship. Such Builders Risk Insurance shall cover the insurable interests of the Owner,

Engineer, Contractor, Subcontractor, suppliers of any portion of the Work, and any bondholders and shall contain a Waiver of Subrogation clause as to all such entities as part of the form or by separate endorsement. Proceeds of any claim shall be payable to the Owner to be applied toward repair or replacement of the damaged Work. ) - The Contractor shall secure and maintain throughout the Contract Time Builders Risk Insurance coverage for one hundred percent (100%) of the Contract Price (when required).

## Additional Insurance Requirements

The (named party) must provide proof of insurance through the issuance of a certificate of insurance showing the above coverage's and limits specified. If the Contractor or Service Provider carries higher limits, such limits must be shown on the certificate. The County has the right to demand a certified copy of any insurance policy. Certificates must be filed with the County Purchasing Department before the (named party) is permitted on County property. Contractors / Service Providers are required to provide thirty (30) day written notice of any lapses or changes in coverage to Alamance Purchasing Department. Failure of Contractors / Service Providers to provide timely evidence of insurance, or to place coverage with insurance, or to place coverage with insurance companies acceptable to the County, shall be viewed as Contractor's delaying performance entitling the County to all appropriate remedies under the law including termination of the contract.

### **Certificate Holder shall be listed as follows:**

Alamance County Purchasing Department  
Attention: Randy Clark, Purchasing Director  
124 West Elm Street  
Graham, NC 27253

### **Endorsements**

The (named party) is required to add the County to its General Liability and Automobile Liability insurance policies with the following wording "**Alamance County, its officers, agents and employees are to be designated as "additional insured" with respect to the general liability insurance policy.**" Endorsements for Commercial General and Liability must be attached with the Certificate of Insurance.

This insurance requirement shall not be construed as limiting in any way the extent to which (named party) may be held responsible for the payment of damages to any persons resulting from its operations or the activities of any person or persons for which it is liable. There also should be Waiver of Subrogation language added in favor of the County on the Workers Compensation & General Liability policies.

\* If the organization does not own any motor vehicles, it need only show coverage for non-owned and hired motor vehicles.

\*\* / \*\*\* If the organization does not have any paid employees (e.g. a volunteer organization) no workers compensation or employers liability insurance is required.

Approved by: Byron Hazard  
County Manager

Date: 8-7-17