

## **Public Health – Seattle & King County**

### **Insurance Requirements Frequently Asked Questions (FAQ)**

*This document is for information purposes only. We recommend applicants and contractors work with their insurance agent/broker for specific questions and decisions.*

#### **1. What is insurance?**

Insurance is a way to protect yourself from having to pay a lot of money if something bad happens in your work, like an accident or mistake. It is an agreement to transfer risk between an individual or organization and an insurance company. It aims to transfer the financial losses an individual or organization could experience from unplanned events like accidents or mistakes to the insurance company.

##### How does it work?

When you buy insurance, you pay a premium. A premium is a regular payment to the insurance company. In exchange, the insurance company may help cover costs if something goes wrong like injuries and damage related to your work. The details of what is covered are explained in the insurance policy (contract). For example, if your policy covers costs for injuries to persons but not for damage to property, you would pay the property damage costs while the insurance company would cover some or all of the injury costs.

#### **2. Why do King County contractors need to have insurance?**

Our insurance requirements help protect contractors, the community members served by the contractors, and King County (“the County”) when something goes wrong during contracted work. The insurance company may help pay when a contractor must pay for a covered loss, damage, or injury. Costs could include things like medical bills, building repair costs, or legal fees.

#### **3. Why should you get insurance? How does it help you? How does it help the community members you work with?**

If damage or harm is caused by a contractor’s work or error, the County may expect the contractor responsible to pay for any loss they caused. Without insurance, you (or your organization) may have to use your own money to pay for damages resulting from accidents or mistakes.

Insurance also protects the community members you work with. If your actions harm them, you can ask the insurance company to pay the cost of any covered damages.

#### **4. What types of insurance could the County require contractors to carry?**

The kind of insurance the contract requires depends on the work to be completed for the contract. The County matches insurance requirements to a contract’s possible risks.

Depending on the work to be done, the County may require one or more types of insurance. The solicitation (or advertisement) to apply for the work should have a list of what insurance is needed.

Type of insurance	What does it cover	Examples	Additional Insured Endorsement needed? (see question 11 below)
<b>General liability</b>	Claims by members of the public for injuries and property damage caused by a contractor.	A member of the public slips and falls on the contractor's property and is injured.	Yes
<b>Automobile liability</b>	Claims by members of the public for injuries and property damage caused by a contractor driving a vehicle.	A contractor's employee driving a vehicle for work hits and injures a member of the public.	Yes
<b>Professional liability (Errors and Omissions)</b>	Claims by members of the public for financial damages caused by contractors doing jobs that need special training such as doctors, lawyers, or consultants.	A contractor who is a lawyer gives mistaken legal advice which causes the county financial losses.	No
<b>Workers Compensation</b>	Claims by contractor's employee injured at work to pay for lost wages and medical bills.  (Contractor's employee doesn't have to show that their injury was the Contractor's fault.)	A contractor's employee slips and falls while at work and is injured.	No
<b>Employers Liability, also known as "Stop Gap"</b>	Claims by contractor's employee or contractor's employee's family for costs of job injuries that are the Contractor's fault but not covered by Workers Compensation.  These costs include: legal defense costs, pain and suffering, harm to contractor's employee's family members.	A contractor's employee sues the contractor, alleging the contractor's negligence caused harm.  A contractor's employee's family member sues the contractor, alleging pain and suffering from the employee's job injury.	No

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Type of insurance	What does it cover	Examples	Additional Insured Endorsement needed? (see question 11 below)
<b>Cyber Liability/ Technology Errors and Omissions</b>	Claims by members of the public for damages caused when a contractor's computer system messes up or their computer information is stolen.	Someone hacks a company's computer data and information like names, social security numbers, and medical information are stolen.	Yes
<b>Sexual Abuse and Misconduct Liability</b>	Claims by members of the public for injuries caused by a contractor's sexual abuse or misconduct.	A contractor's employee uses their job or power to sexually abuse or send sexually inappropriate messages to a member of the public.	Yes
<b>Crime Coverage</b>	Claims by King County for money or gift cards that are provided to a contractor and then lost or stolen.	King County gives money to a contractor to buy gift cards, which are then stolen.	No
<b>Products &amp; Completed Liability</b>	Claims by members of the public for harm or injuries that happen after work is completed or contracted work is done.	An air conditioner is installed incorrectly by a construction contractor. It falls several months later and injures a person nearby.	Yes

## 5. Do I need liability insurance if I'm covered by the place where I work?

The County needs the person or organization named in the contract to have insurance. The insurance certificate must be in the name of the individual or agency listed on the first page of the contract.

If your name is on the contract (not the name of the place you work for), you need to have insurance in your name.

## **6. How does the County decide when insurance is needed?**

The County makes decisions about when and how much insurance is required by considering a few things. Here are some things that are considered:

- The work to be done in the contract
- The things that could go wrong (the possible risks) while doing that work
- The history of lawsuits or insurance claims the County or other organizations have for that work (or work like it)
- How insurance requirements might hurt applicants and/or the communities being served by the work (for example, would insurance requirements make it so an applicant couldn't meet contract terms, and/or would a community be hurt if an applicant could not contract for work)

## **7. Why does the County require so much coverage? For example, the County could require \$1 million in liability coverage, but I'll be paid much less than that amount to do the work.**

County contractors must have insurance coverage based on the harm or loss that might come from the work the contractors do, not how much the contractor will be paid for the work.

For example, a taxi ride might cost \$20. If the taxi caused a really bad accident, it could hurt a lot of people, cars, buildings, or other property. Depending on how bad the accident was, that damage could cost thousands or millions of dollars. To protect the contractor and the County, insurance must be able to cover a good part (or all) of the possible damage.

## **8. Why do contractors have to give the certificate of insurance before starting work? Isn't it enough that the contract itself says you need the coverage?**

The certificate of insurance officially verifies that the contractor has the required insurance.

## **9. What if I can't afford insurance? Can I still receive a contract?**

Insurance requirements depend on the type of work in the contract. Some work (like doctors giving medical care) will always need insurance, but other work may have less risk for the contractor and the County so insurance is not required. In some situations the County may also decide to not require insurance (or "waive insurance requirements") on a case-by-case basis.

In an application process, insurance is not part of selection/evaluation criteria. You won't be disqualified during the selection process if you don't have insurance yet, but if you're selected you may need to get insurance to receive the contract. If you have questions about whether or not you need insurance, contact the program representative to discuss your options.

Please know that if you don't purchase insurance, an insurance company will not pay for costs if there is an accident or problem from the contracted work. If that happens, you or your organization could have to pay for costs and damages with your own money.

## **10. When do contractors need to provide insurance certificates and endorsements?**

If you are chosen for a contract, you must provide insurance certificates and endorsements *before* the contract is countersigned by the County. We recommend providing the contract language to your insurance agent/broker as soon as your bid/proposal is accepted to expedite contract execution. The certificates and endorsements must be renewed throughout the life of the contract.

## **ADDITIONAL INSURED ENDORSEMENTS**

### **11. What is an “additional insured endorsement?”**

An “additional insured endorsement” is a document from your insurance company that extends coverage from your policy to the County and allows the County to work directly with your insurance company if there is an insurance claim. Some insurance companies may charge extra to provide the additional insured endorsement so you should ask your broker or insurance company what they do.

“Additional Insured endorsements” can come in different forms. We suggest that you share the insurance part of your contract with your insurance company or agent/broker so they can help figure out what you will need.

As an “additional insured,” the County can only get information about your current insurance and can work directly with your insurance if a claim arises. Each insurance company is different, so you may want to discuss this with your insurance agent/broker or insurance company.

### **12. How are “additional insured endorsements” documented? Why isn’t it acceptable to just name the County as additional insured on the certificate of insurance?**

The endorsement is a document that is separate from the Certificate of Insurance. The document confirms the County is covered by your policy for work associated with the Contract.

Having the document makes it easier for King County to work with the insurance company, if needed.

### **13. What types of additional insured endorsements documents are there?**

There are two different types of additional insured endorsement documents: “blanket” additional insured endorsement and scheduled additional insured endorsement. Both types of endorsement documents are acceptable. Please work with your insurance broker to get the additional insured endorsement document(s).

## GETTING HELP WITH INSURANCE

### 14. Why can't the County answer all of my questions about insurance or recommend an insurance company/broker?

The State of Washington has regulations and laws about who is allowed to give detailed information about insurance. King County is not an insurance broker and legally can't give you advice about insurance. The best we can do is to give you general information about places you can look for answers to your questions.

### 15. Where can I go for more information or to get insurance?

Here are some places you can go to get more information or to get insurance. (Please note that these sites may be in English only.)

- Ask your insurance agent or insurance broker (if you have one)
- The US Small Business Administration has information for small businesses: [Get business insurance | U.S. Small Business Administration](#)
  - o This site also has place to look for free or low-cost business counseling near you: [Get local assistance | U.S. Small Business Administration](#)
- The Washington State Office of the Insurance Commissioner has information on Business Insurance: <https://www.insurance.wa.gov/business-insurance>
  - o This site has a link to a tool for looking up insurance agents and brokers: [Find an agent, agency or company | Washington State Office of the Insurance Commissioner](#)

## **Glossary of terms**

**Alleged:** Something that someone says is true before it's proved to be true.

**Blanket Additional Insured:** A change to liability insurance that expands coverage to any unnamed person or entity without requiring them to be specifically named in the policy.

**Claim:** A written request for money that says the writer was harmed by the person or business receiving the request and needs money to compensate them for the harm.

**Contract:** A written agreement that is enforceable by law.

**Contractor:** The individual or agency listed on page one of the contract.

**Damages:** The money awarded to someone who has suffered a loss or injury because of another person or organization's actions.

**Endorsement:** A document that changes or adds to an insurance policy.

**Insurance Broker:** An insurance broker is an independent professional who helps individuals and businesses find and compare insurance policies from various insurance companies. The broker represents the client's interests and needs rather than a specific insurance provider.

**Letter Agreement (or Letter of Agreement):** A document that records an agreement between two or more parties. At King County, this often is a simpler form of a contract.

**Liability:** Being responsible for something, especially when it's required by law.

**Liability Policy:** A policy that may provide coverage if you are found financially responsible for someone else's injuries or damaged property. The policy may also pay for the organization who purchased the insurance policy's legal defense costs.

**Negligence:** When a person or entity (business, etc.) doesn't use a reasonable level of care to protect others from actions or situations that harm them.

**Scope of Work:** The part of a contract that describes the work to be performed.

**Scheduled Additional Insured Endorsement:** A change to liability insurance that adds the name of a specific person or entity (such as the County) to the insurance policy as an "additional insured."