

## **Insurance Requirements for Lessees Operating Group Homes**

Lessee shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Lessee's operation and use of the leased premises. The cost of such insurance shall be borne by the Lessee.

Lessee shall also be responsible for obtaining an indemnification in favor of the Authority as well as the following insurance from its sub-contractors.

### **MINIMUM SCOPE OF INSURANCE**

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (*occurrence form CG 0 01 10 01*).
2. Insurance Services Office Additional Insured form (*CG 20 37 or CG 20 26*).
3. Insurance Services Office form number CA 00 01 06 92 covering Automobile Liability, Code 1 (*any auto, [require if Lessee's operations include driving on Authority property or if residents or participants will be transported]*).
4. Workers' Compensation insurance as required by state law and Employer's Liability Insurance (*for Lessees with employees*).
5. Professional Errors and Omissions Liability insurance.
6. Property insurance against all risks of loss to any tenant improvements, betterments, and Lessee-owned business personal property.

### **MINIMUM LIMITS OF INSURANCE**

Lessee shall maintain limits no less than:

1. General Liability: \$1,000,000 per occurrence \$2,000,000 aggregate (*including coverages for discrimination, fair housing and ADA violations, and sexual molestation*).
2. Automobile Liability: \$1,000,000 per accident for Bodily Injury and Property Damage.
3. Workers' Compensation (*statutory*) and Employer's Liability: \$1,000,000 per accident for Bodily Injury or Disease.
4. Professional Errors and Omissions Liability: not less than \$1,000,000 per occurrence, \$2,000,000 annual aggregate.
5. Property insurance: full replacement cost with no co-insurance penalty provision.

**NOTE:** These limits can be attained by individual policies or by combining primary and umbrella policies.

### **DEDUCTIBLES AND SELF-INSURED RETENTIONS**

Any deductibles or self-insured retentions must be declared to and approved by the Authority. At the option of the Authority, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Authority, its officers, officials, employees, and volunteers; or the Lessee shall provide a financial guarantee satisfactory to the Authority guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

### **OTHER INSURANCE PROVISIONS**

The General Liability and Automobile Liability policies are to contain, or be endorsed to contain, the following provisions:

1. The Authority, its officers, officials, employees, and volunteers are to be covered as additional insured with respect to liability arising out of maintenance or use of that part of the premises leased to the Lessee, or arising out of automobiles owned leased, hired, or borrowed by or on behalf of Lessee.
2. The Lessee's insurance coverage shall be primary insurance as respects the Authority, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Authority, its officers, officials, employees, or volunteers shall be excess of the Lessee's insurance.
3. Each insurance policy required by these specifications shall be endorsed to state that coverage shall not be cancelled or materially changed, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Authority.
4. Maintenance of the proper insurance for the duration of the contract is a material element of the contract.

Material changes in the required coverage or cancellation of the coverage shall constitute a material breach of the contract by the Lessee.

**ACCEPTABILITY OF INSURERS**

Insurance is to be placed with insurers with a current A. M. Best's rating of no less than B+:VI. Lessee's must provide written verification of their insurer's rating.

**VERIFICATION OF COVERAGE**

Lessee shall furnish the Authority with original certificates and amendatory endorsements effecting coverage required by these specifications. The endorsements should conform fully to the requirements. All certificates and endorsements are to be received and approved by the Authority in sufficient time before the lease commences to permit Lessee to remedy any deficiencies. The Authority reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

**SUB-CONTRACTORS**

Use of the leased premises by subcontractors must be pre-approved by the Authority. Lessee shall require that all sub-contractors occupying space or performing services at the leased premises provide documentation confirming that such sub-contractors' insurance conforms to all the above specifications.

Notwithstanding this provision, Lessee shall indemnify the Authority for any claims resulting from the conduct of the Lessee's sub-contractors and/or their failure to be properly insured.