



**Bexar County
Risk Management & Compliance
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Bexar County Insurance Requirements

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Insurance Requirements

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What are insurance requirements?

They are the part of a contract in which the types and minimum amounts of insurance the parties agree to be provided in connection with the work to be performed under a specific contract.

Why does County need them?

- County can be held liable for damages caused by its contractors
- County should be able to rely on the contractor's experience to do the job safely, and if it doesn't, the contractor should pay for the consequences
- Responsibility encourages safety on the part of the contractor
- Risk is placed upon those best able to control the work
- County would have a source for payment of claims against it
- Maintaining protection of County's budget
- Maintaining County's good loss history and lower insurance costs



Insurance Requirements

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How are insurance requirements set for Bexar County solicitations?

- 1. Analyze the Risks and Relationships*
- 2. Use a Hold Harmless (Indemnity) Agreement*
- 3. Select the Appropriate Insurance Specifications*
- 4. Verify Insurance Coverage*
- 5. Report Claims Promptly*



Insurance Requirements

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Types of contracts:

- **General Services:** for most contracts, including routine maintenance of facilities or grounds
- **Construction:** for public works projects or major remodeling of facilities
- **Design Professional Services:** for the services of architects, engineers, and land surveyors
- **Professional Services:** for all other professional service providers, such as attorneys, accountants, technology services, medical professionals, and insurance brokers
- **Leases and Rentals:** for long and short-term use of your real property and/or personal property/equipment



Insurance Requirements for Most Contracts

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Minimum Scope and Limit of Insurance – Standard

1. **Commercial General Liability (CGL):** CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$1,000,000 per occurrence, \$2,000,000 general aggregate
2. **Automobile Liability:** Covering any auto being used in connection with the work being performed on the contract including owned, non-owned, borrowed or hired autos, with limit no less than \$1,000,000 combined single limit
3. **Workers’ Compensation:** as required by the State of Texas, with Statutory Limits, and Employer’s Liability Insurance with limit no less than \$500,000 per accident for bodily injury or disease.
4. **Professional Liability (Errors and Omissions):** Insurance appropriate to the Contractor’s profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate. *(if applicable)*



How insurance requirements are set for Bexar County solicitations

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1. Analyze the Risks and Relationships

- Review the scope of work. How does the work impact the County? What could go wrong?

2. Use a Hold Harmless (Indemnity) Agreement

- This creates an obligation to defend the County. It shifts responsibility for damages/injuries that may arise from the work being performed under a contract from the County to the contractor doing the work whether or not the contractor is adequately insured.

3. Select the Appropriate Insurance Specifications

- Factors: Scope of Work and amount of contract.
- County will typically use standard lines of coverage and standard limits of liability.
- Consider it as a whole. If there is a \$5,000 gas plumbing contract for line repairs in a \$32,000,000 building, the risk is likely far greater because of the type of work being performed, not the cost for the services to be provided. As such, a standard \$1,000,000/\$2,000,000 limit of liability may not be sufficient.

4. Verify Insurance Coverage

- A Certificate of Insurance is provided listing the types of coverage, insurers providing the coverage, policy period, and limits. County will be listed as the Certificate Holder – which means nothing.
- In most contracts, County is an additional insured; the policy must be endorsed to do so and that endorsement is the verification of the Certificate of Insurance. Being an additional insured is important because it allows County to inquire about or initiate a claim if ever needed.

5. Report Claims Promptly

- This is important because fresh information is much more accurate than aged or stale information.



Frequently Asked Questions

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Q: If the contractor's insurance does not meet the criteria for County's insurance requirements, should we alter the requirements to fit the contractor's needs?

A: Not usually. The County has already indicated what is needed for this solicitation.

Q: Can lower limits be permitted when County is dealing with small contractors or artisans, and using them for small jobs?

A: Yes, there are some small vendors or artisans that may provide a service to the County and the cost of obtaining standard limits may not be possible. County will work with the vendors to this end while still preserving County's protections.

Q: How are proper limits of liability determined for any given job?

A: -Ask yourself how much damage the contractor could cause if the job is mishandled?

-Amount of contract should never be the driver on the limits, the job's risks should be the driver.

Q: Why do we need an indemnity clause in the contract when we are added as an additional insured on the liability policy?

A: -Insurance is only one way the contractor can financially guarantee its liabilities.

-Indemnity provision obligates contractor to indemnify County whether contractor's insurance covers the loss



Potential High Risk Contracts

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- Crowd exposures
- Plumbing
- Work involving vehicles, watercraft, aircraft
- Legal services
- Handling of funds or assets
- Surveys, soil engineering, topographical surveys
- Work involving boilers, pressure vessels, turbines
- Work near roads, railroads, airports, waterways
- Any pollution or environmental exposure
- Work involving utilities/provision of service
- Maintenance or inspection services
- Design engineering or architectural services
- Heavy equipment
- Computer hardware or software
- Work near water/docks
- Construction management
- Zoning or planning services
- Use or serving of alcohol
- Work with natural gas
- Underground work or excavation
- Electrical work
- Use of caustics, flammables, explosives
- Armed guards, use of armored cars
- Inspection services



Insurance Requirements

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Thank you

QUESTIONS?