APPENDIX C

Insurance Coverage Templates

The contract templates presented in this appendix are based on the best practices synthesized under ACRP Project 01-44, “Airport Insurance Requirements”

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Contract templates can serve as an important resource in the process of planning and reviewing contracts with third-party vendors. This appendix presents three contract templates:

* **Template for Basic Insurance Coverage**, which lays out requirements to use in every airport contract;
* **Template for Ancillary Insurance Coverages**, which provides specific ancillary insurance language to use in airport insurance requirements based on the risk assessment; and
* **Template for General Insurance Provisions**, which outlines general provisions that apply to all required insurance coverages in a contract.

These templates are provided at the end of this appendix. When using the templates:

* Replace all generic references to “Airport” in the template with the airport’s name as referenced in the contract.
* Replace all generic references to “Contractor” in the template with the name of the specific party with whom the airport is contracting.
* Replace all generic references to “Agreement” in the template with a descriptive name or title of the contract or agreement developed and being entered into by the airport and contractor.

In some cases, an airport’s individual risk and risk management considerations may warrant altering the language in the contract templates. For those cases, the following recommendations for best practices—including those for high-risk hazards—are provided.

Best Practices When Deviating from an Insurance Requirement Template

* **Limit reference to specific form edition dates**. Avoid referencing specific policy edition dates, as they become quickly outdated. If a specific form edition date is desired, indicate “or its equivalent” to avoid the necessary task of updating insurance requirements every year.
* **Utilize the risk matrix to develop appropriate limits by coverage type**. The language outlined above provides minimum required limits. Limits should be amended after the risk assessment is completed, as referenced in Chapter 4 of this guide.
* **Insert compliance procedures**. The General Provisions section of the insurance requirements is the perfect place to insert an airport’s specific insurance compliance procedure. The “Proof of Insurance” paragraph in the General Provisions section of the template should include, at a minimum, reference to a website or contact person to which certificates and endorsements should be sent.
* **Know your state statutes**. Insurance language and limits can fluctuate according to an airport’s specific state statutes, including immunities and limitations of liability. Be sure to stay current with developments that could affect an organization’s insurance requirements and amount of risk to transfer.
* **High-hazard risks.** The next section addresses special airport operation risks that require either higher liability limits or special coverage provisions to ensure proper risk transfer occurs in those specific circumstances.

High-Hazard Risks

Following are examples of high-hazard risks for airport operations requiring special attention when insurance requirements are being designed. If any of the following activities are contracted out, consider requiring higher liability limits and including recommended ancillary coverages with higher liability limits than usual.

1. **Deicing operations.** Deicing operations can be performed by airport maintenance and operations staff. Chemicals used to conduct deicing operations are procured by airport operations. Equipment utilized to administer the deicing chemicals is maintained by airport maintenance and operations staff. If these operations are outsourced to a third-party vendor, consider the following when the insurance requirements for these vendor contracts are created:
2. **General liability:** Require higher liability limits than suggested on the limit matrix in this guide. Required limits should be based on the anticipated frequency of application and extent of operations.
3. **Pollution liability:** Require this insurance to ensure coverage is provided for pollution conditions arising from chemical runoff and any resulting cleanup and removal of toxic materials that creates a pollution condition from performing deicing activities.
4. **Fueling operations.** Fueling operations involve great risk to airport property, property of others, airport employees, and third parties visiting the airport. If an airport outsources fueling operations to a third-party vendor, consider the following when the insurance requirements for these vendor contracts are created:
5. **General liability:** Require higher liability limits than suggested on the limit matrix in this guide. Required limits should be based on the average number of daily fueling events at the airport and extent of operations.
6. **Pollution liability:** Require this insurance to ensure coverage is provided for pollution conditions caused by fueling operations.
7. **Airline agreements.** Depending on the airline and amount of space it occupies at the airport, consider requiring high aircraft and passenger liability limits. For the general liability coverage, ensure coverage extends to all airport premises, terminals, airfields, ramps, and taxiways. Ensure coverage is also extended to completed operations and includes coverage for personal injury.

Templates

Template for Basic Insurance Coverage

Without limiting the required indemnification of “Airport,” “Contractor” shall provide and maintain at its own expense during the term of this “Agreement” the following insurance coverage and provisions:

1. **Workers’ Compensation and Employer’s Liability Insurance.** During this “Agreement,” “Contractor” shall provide evidence of Workers’ Compensation insurance as required under “Your Airport’s State” including coverage for Employer’s Liability with limits of at least $1,000,000 each accident, $1,000,000 each employee by disease, and a policy limit of $1,000,000 by disease.
2. **Commercial General Liability Insurance.** Commercial General Liability (CGL) with a limit not less than $1,000,000 each occurrence, general aggregate limit of not less than $2,000,000, and $2,000,000 products/completed operations providing coverage for bodily injury, property damage, and personal and advertising injury through any combination of primary and excess or umbrella liability insurance policies with annual reinstatement of the general aggregate limit at each policy period renewal.

The CGL insurance must be written on an ISO occurrence form CG 00 01 or substitute forms providing equivalent coverage. All excess or umbrella policies shall be follow-form and afford no less coverage than the primary policy. Such CGL shall name the Indemnified Parties as additional insureds for both ongoing and completed operations on a form acceptable to “Airport.” Coverage shall be provided to the Indemnified Parties for liability and any damage to property and injury or death of persons, unless caused by an Indemnified Party’s sole or active negligence or willful misconduct. Evidence of garage keeper’s legal liability insurance is required if the exposure exists.

1. **Commercial Automobile Insurance.** During this Agreement, “Contractor” shall maintain evidence of commercial business auto coverage written on ISO form CA 00 01 (or substitute form providing equivalent liability coverage) with a limit not less than $1,000,000 combined single limit for bodily injury and property damage liability for each accident. Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned autos) and may be satisfied by a combination of primary and excess and/or umbrella policies. All excess or umbrella policies shall contain a drop-down clause in the event of exhaustion of primary limits and provide coverage for primary auto liability.

Template for Ancillary Insurance Coverages

**Professional Liability.** Covering the professional scope of services under this contract with limits not less than $X,000,000 per claim and $X,000,000 in the aggregate. The policy retroactive date must be before the effective date of this agreement. “Contractor” agrees to maintain continuous coverage through a period of no less than three (3) years after completion of the service under this “Agreement.”

**Pollution Legal Liability.** Covering bodily injury, property damage, personal injury and environmental site restoration including fines and penalties in accordance with applicable EPA or state regulations with limits of not less than $X,000,000 per occurrence and $X,000,000 aggregate. Coverage shall extend to losses from the release or escape of pollutants including discharge of pollutants brought to the site, release of pre-existing pollutants at the site whether sudden or gradual over time. Coverage must also extend to first-party clean-up costs, business interruption, loss of rents, and extra expense.

**Hangar Keeper’s Liability.** Entities providing commercial aircraft storage shall maintain hangar keeper’s liability to cover liability for loss or damage to aircraft which are the property of others and in their care, custody, and control for storage, repair, or safekeeping. Limits of not less than $X,000,000 combined single limit per occurrence and $X,000,000 are required.

**Liquor Liability.** For entities serving alcohol on “Airport’s” premises, evidence of liquor liability is required either by endorsing the CGL policy or through a stand-alone insurance policy. Limits of $X,000,000 per occurrence and $X,000,000 are required.

**Aircraft and Passenger Liability.** Aircraft liability insurance coverage shall provide limits of $X,000,000–$XX,000,000 per occurrence and $X,000,000 per passenger. The policy shall be endorsed to include “Airport,” its officers, employees, and agents as additional insureds.

**Network Security and Privacy Liability (Cyber Liability).** Cyber Liability Insurance with limits not less than $X,000,000 per incident and $X,000,000 aggregate. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by “Contractor” in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion, introduction, implantation or spread of malicious software code and network security including unauthorized access to or use of computer systems or business data. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties, and credit monitoring expenses with limits sufficient to respond to these obligations.

**Installation Floater.** Installation floater coverage shall cover the value of the equipment to be installed. Such insurance shall include “Airport” as an insured and include coverage for testing, water damage, mechanical breakdown, and electrical injury.

**Crime Insurance or Fidelity Bond.** Maintain evidence of commercial crime insurance or a fidelity bond naming “Airport” as a loss payee. The policy or bond shall cover theft, dishonesty, disappearance, forgery, alteration, and destruction caused by any employee of “Contractor” in an amount not less than $XXX,XXX.

**Property Insurance.** Tenant or lessee shall maintain property insurance to cover lessee’s insurable interest in the improvements on Airport premises for the full value of its replacement cost. The proceeds from such insurance shall be used to restore improvements to their original condition in the event of a covered loss.

Template for General Insurance Provisions

The policies specified herein are to contain, or be endorsed to contain, the following provisions:

1. **Additional Insureds.** The Indemnified parties are to be included as additional insureds on the general liability policy including all excess or umbrella policies with coverage applying to both ongoing and completed operations, and commercial automobile liability insurance.
2. **Primary Insurance.** Contractor’s insurance coverage, including any excess liability coverage, shall be primary and not contribute with any other insurance as respects the Indemnified Parties for all liability arising out of the activities performed by or on behalf of the “Contractor.” Any insurance, pooled coverage, or self-insurance maintained by “Airport” shall be non-contributory.
3. **Waiver.** “Contractor” agrees to waive all rights of recovery against “Airport” and Indemnified Parties, and cause its Workers’ Compensation, Commercial General Liability, Automobile Liability, and Umbrella/Excess insurance policies to be endorsed to waive subrogation against “Airport” and Indemnified Parties.
4. **Notice of Cancellation.** “Contractor” agrees to provide “Airport” with 30-day notice of cancellation or nonrenewal of coverage for each required coverage except for non-payment for which a 10-day notice is required.
5. **Self-insured Retentions and Deductibles.** If “Contractor’s” coverage includes a deductible or self-insured retention above $100,000, the self-insured retention or deductible must be declared to “Airport.” “Airport” may request financial statements from “Contractor.” “Contractor” agrees to be responsible for payment of all deductibles or self-insured retentions.
6. **Proof of Insurance.** “Contractor” shall, at the time of the execution of the Agreement and prior to commencing any work or service, present signed certificates of insurance for all required coverages to “Airport” with any applicable endorsements attached. “Contractor” shall provide at contract inception and expiration of any insurance policy required by this Agreement all certificates of insurance and applicable endorsements as required by this Contract directly to “Airport” at: “insert specific instructions.” All Insurance-related inquiries should be directed to “provide contact information.”

“Contractor” shall not receive a notice to proceed with the work under the “Agreement” until it has obtained all insurance required and such insurance has been approved by “Airport.” This approval of insurance shall neither relieve nor decrease the liability of “Contractor.”

1. **Maintenance of Insurance.** Should “Contractor” neglect to obtain or maintain in force any such insurance for the duration of this “Agreement,” then “Airport” has the right to obtain and maintain such insurance. All money paid by “Airport” for insurance premiums under the provisions of this Section shall be charged to “Contractor.”
2. **Acceptability of Insurers.** All required insurance is to be placed with insurers with an AM Best’s rating of not less than A- VII or equivalent, as determined by “Airport.”
3. **Compliance with Insurance Requirements.** “Contractor’s” obligation to obtain insurance coverage is separate and distinct from “Contractor’s” obligation to indemnify, hold harmless and defend pursuant to this “Agreement.” Compliance with the requirements of this section shall not relieve “Contractor” of their obligations under any indemnity or hold harmless provisions under this “Agreement.” “Airport” reserves the right to withhold payments to “Contractor” in the event of material non-compliance with the insurance requirements outlined above.
4. **Self-Insurance.** “Airport” acknowledges that some insurance requirements contained in this “Agreement” may be fulfilled by self-insurance on the part of “Contractor.” However, this shall not in any way limit liabilities assumed by “Contractor” under this “Agreement.” Any self-insurance shall be approved in writing by “Airport” upon satisfactory evidence of financial capacity. “Contractor’s” obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance programs or self-insurance retentions.
5. **Subcontracted Work.** Should any of the work under this “Agreement” be subcontracted, “Contractor” shall require its subcontractor to carry the aforementioned coverages.