



# Annual Update on Insurance Requirements in Contracts

ACCEL Board of Directors Meeting

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**Presented by:** Dan Howell, Alliant  
Marcus Beverly, Alliant



# Presentation Outline

1. IRIC Manual and Version 2021.1 Update
2. Indemnification Matters
3. Complex Situations
  - Construction Risks
  - Technology Risks
  - Alternative Risk Financing
  - Special Events
  - Aviation Risks
  - Marine Risks

# 1. The IRIC Manual

- **The basis of the Insurance Requirements in Contracts Manual (IRIC) stems from work by public entity risk managers and consultants since the 1970's**
- **It is relied upon by hundreds of public entities**
- **Alliant has maintained and published the manual as a service to the public entity community**
- **PRISM has partnered with Alliant – engaging Bob Marshburn to work with Dan Howell to edit annual updates**
- **Version 2021.1 Published this month!**
  - **Available at PRISM website and Alliant Public Entity webpage**

# How to Locate the IRIC Manual

## Alliant's Website

<https://alliant.com/Industry-Solutions/Public-Entity>

Alliant Specialty  
**PUBLIC ENTITY**

**Public Entity Insurance Solutions**

Public entities face property risks, liability exposures, and employee benefits needs that are significantly different than those faced by commercial businesses and corporations. Your organization needs an insurance broker that not only specializes in meeting the unique insurance, risk management, and benefits needs of public agencies similar to yours but also one that has earned a reputation for innovation and success in the public sector.

**Public Sector Insurance Leader**

With more than 30 years of experience in the public sector, Alliant Insurance Services is an industry leader in providing highly successful strategies, services, and products for a complete range of public sector clients. We understand how public agencies are perceived in the insurance marketplace and how the operating environment of these organizations shapes their risk transfer approach and requirements.

What truly sets us apart is our extensive specialized expertise of the public entity insurance business, combined with our focus on developing innovative programs that meet the special needs of public agencies. Our public entity clients benefit from the most effective insurance solutions and comprehensive service in the industry.

**Our diverse public sector clients include:**

- Airports
- Charter schools
- Cities and townships

**For more information, contact:**

Daniel Howell  
✓ (415) 403-1428  
✉ Email

Mary Wells  
✓ (949) 880-8125  
✉ Email

Carleen Patterson  
✓ (214) 273-3117  
✉ Email

Lilian A. Vanvliet, educational entities practice leader, speaks to Insurance Journal on how COVID-19 is impacting insurance for schools

**Insurance Requirements in Contracts (IRIC)**  
Download IRIC:  
[PDF](#) | [Word](#)

# Updates – Version 2021.1

- **New** “Automatic” Additional Insured Endorsements
- **New** Chapter on Cyber rewritten for this dynamic coverage
- **New** Emerging Risks discussion
- Updated Lessee’s Exhibits
- **New** discussion on Fire Legal Liability
- Additional discussion on:
  - How to evaluate an SIR
  - Hired and non-owned Auto Liability
  - Sole Proprietors and Workers’ Compensation

## 2. Indemnification Matters

- **There is no way to trigger coverage without a contractor's obligation to indemnify.**
  - *The indemnification clause language needs to be allowed under the law.*
- **There is no way to trigger coverage without a valid “insured contract.”**
- **ISO CG 00 01 defines “Insured Contract” at Paragraph 9. of Section V. Definitions**
  - **Nearly always in writing & always formed in advance of the loss.**

# 3. Complex Situations

## 3.1 Construction Risks

- **Alternative Delivery Methods and Indemnification**
  - *The indemnification clause language needs to be legally allowed under the law.*
- **P3 Projects – Construction vs Ongoing Operations**
  - Very Long Term Agreements
- **OCIPS, CCIPS, OPPI, CPL, COC & MBR**
- **Nuances of Using New ISO Forms**

# 3. Complex Situations

## New ISO Forms - Construction

- **Old Way:**
  - Combine the AI for ongoing operations CG 2010 or CG 2026 (construction) plus the CG 2037 (for completed operations).
  - Note: Your entity has to be scheduled (shown) on the 2010 or 2026 & 2037, and should be shown as named in the underlying contract.
- **New Way:**
  - Combine the CG 2033 (automatic ongoing operations) with **NEW** CG 2039 (automatic completed operations in WRITTEN construction agreement).
  - Note: Your entity does not have to be scheduled on these endorsements as they apply on an automatic basis.

# 3. Complex Situations

## New ISO Forms – Subcontractors

- **Privity of contract – Your entity does not directly have a contract with the subcontractor**
  - Your contract with prime must require subcontractors of every tier to indemnify and have insurance for entity.
- **New Way:**
  - Combine the **RELATIVELY NEW** CG 2038 (automatic ongoing operations, contract not with you) with **NEW** CG 2040 (automatic completed operations, contract not with you).
  - Note: Your entity does not have to be shown on these endorsements as they apply on an automatic basis where required by “other parties when required in a written construction agreement.”

# 3. Complex Situations

## New ISO Form – Subrogation

- **“Waiver of Transfer of Rights of Recovery Against Others to Us”**
  - AKA “waiver of subrogation.”
- **Old Form – CG 24 04 – Scheduled**
- **New Form – CG 24 53 – Automatic**
- **Nuance: Under the Builder’s Risk (COC), what property is a covered part of a project vs. contractor damage to other property of the Entity?**

# Final Reminder!

- All older agreement forms and purchase order forms have positively got to be updated in very strong and clear language to show that:
  - Required Limits are **MINIMUMS**
  - Your entity is entitled to **ANY** insurance available to the contractor.