

State Procurement Manual

DOA-3449 N(R06/94) Formerly AD-P-12

		Number PRO-D-34
		Effective 4-14-10
Section GENERAL POLICIES	Agencies Affected ALL	Replaces 3-1-97
Title CERTIFICATES OF INSURANCE		Page 1 of 6

AUTHORITY: [Wis. Stats.](#) 16.705(2)
16.72(2)
16.865(5)

SCOPE: - to establish policy and procedures for certificates of insurance

- DEFINITIONS:
- I. "Certificate of insurance" means a document issued by an insurer which evidences that an insurance policy is in place with the vendor providing information such as: insurer, insurance agency, insured, type(s) of insurance, policy number(s), effective date(s), expiration date(s), limits, certificate holder, cancellation procedure, and the name of the representative who authorized the policy.
 - II. "Commodity or standard service procurement" means a contract, procurement or purchase which is not a high risk service procurement" as defined in [Appendix A, Insurance Coverage Limits Requirements](#).
 - III. "High risk service procurement", as defined in [Appendix A, Insurance Coverage Limits Requirements](#), means a contract, procurement or purchase that significantly increases the possibility of loss or exposure to loss to the State of Wisconsin, its agencies, employees, agents or officers from a third party.
 - IV. "Risk" means the potential for property loss, for physical harm, or legal liability.

- CONTENT:
- I. Need for certificate of insurance: When the state contracts with a vendor, that vendor's services necessarily include an inherent liability risk, or cost of defense, to the State of Wisconsin. By obtaining an appropriate certificate of insurance and maintaining a current certificate of insurance on file, for a high risk procurement, the state has evidence that insurance has been obtained that transfers risks associated with the business relationship with the vendor from the state to the insurer.
 - II. Commodity or standard service procurement: The agency will require that the vendor have insurance coverage of at least the "minimum standard insurance limits", but the agency need not obtain a copy of the vendor's "certificate of insurance."
 - III. High risk service procurement: The agency will require that the vendor have insurance coverage in accordance with the "insurance limits for high risk services" and will obtain a certificate of insurance from the vendor, prior to the start of the contract.

State Procurement Manual

DOA-3449 N(R06/94) Formerly AD-P-12

Section GENERAL POLICIES	Agencies Affected ALL	Number PRO-D-34
		Effective 4-14-10
		Replaces 3-1-97
Title CERTIFICATES OF INSURANCE		Page 2 of 6

PROCEDURES: I. Commodity and standard service procurement

- A. The agency specifies the "standard insurance limits", as stated in [Appendix A](#), in the request for bid/proposal or other procurement/purchasing document, and resulting contracts regardless of the value of the contract or the type of procurement. Including the Standard Terms and Conditions (form [DOA-3054](#), Revised 10/2005 or later) described in [PRO-E-7](#) will satisfy this requirement.

In the absence of a request for bid/proposal, as in the case of a waiver of bidding, the agency must specify the insurance requirements with the purchase order or in the contract.

- B. The "standard insurance limits" are minimum limits of coverage; however, an agency may request lower limits for unique, individual agency procurements/purchases providing pre-approval is secured from that agency's risk manager, when one exists, and then final approval is secured from the State Property and Liability Manager, Bureau of State Risk Management, 608/266-0168. The agency may require higher coverage limits for an individual procurement or for all procurements, if the agency's risk manager approves.
- C. The request for bid/proposal, or other procurement/purchasing document, will require issuance of the vendor's insurance policy with a minimum thirty (30) day cancellation notice, by an insurance company licensed to do business in the State of Wisconsin, with a minimum AM Best rating of A-, and the signature of an authorized agent.
- D. Workers compensation insurance coverage is required by statute for commodity and standard service procurements. The state may require such coverage even when the number of employees is fewer than that for which the statutes require workers compensation insurance.
- E. If a commodity purchase requires installation of heavy equipment, the agency's risk manager will review the procurement prior to requesting bids/proposals or other procurement documents to establish any insurance limits.
- F. The agency need not obtain a copy of the vendor's certificate of insurance. However, as needed, the agency may request proof of insurance.

State Procurement Manual

DOA-3449 N(R06/94) Formerly AD-P-12

Section GENERAL POLICIES	Agencies Affected ALL	Number PRO-D-34
		Effective 4-14-10
		Replaces 3-1-97
Title CERTIFICATES OF INSURANCE		Page 3 of 6

II. High risk service procurement

A. The agency specifies the "insurance limits", for the type of service that the agency is purchasing as a part of the request for bid/proposal or other procurement process regardless of the value of the contract or the method of procurement.

1. If the service is one of those identified below, then the agency specifies the "insurance limits" as stated in [Appendix A](#):

Air Charter
Ambulance Service
Asbestos Abatement
Building Remodeling and Construction
Custodial Services
Daycare
Elevator Maintenance
Food Service
High Risk Entertainment/Speakers
Medical Services, including Optical and Laboratory
Recreational Services
Refuse Transportation and Disposal
Security
Tower Inspection and Maintenance Services
Transportation Services

2. The agency may specify higher limits for a particular procurement for one of the services listed above, if such limits are approved by the agency's risk manager.

3. If an agency identifies other high risk services, not listed above, the agency may specify higher insurance limits as approved by the agency's risk manager or, when no agency risk manager exists, the Bureau of State Risk Management.

B. The requirement for workers compensation insurance applies to every contract, even if the vendor has fewer than three (3) employees. The state may require such coverage even when the number of employees is fewer than that for which the statutes require workers compensation insurance.

State Procurement Manual

DOA-3449 N(R06/94) Formerly AD-P-12

		Number PRO-D-34
		Effective 4-14-10
Section GENERAL POLICIES	Agencies Affected ALL	Replaces 3-1-97
Title CERTIFICATES OF INSURANCE		Page 4 of 6

C. The agency must obtain a certificate of insurance from the vendor prior to the commencement of the contract for services and prior to any extension of a contract.

1. In its request for bid/proposal, or other procurement/purchasing document, the agency identifies the:
 - a. Agency's name and the name, title, and complete mailing address (P.O. Box, office building or floor for delivery, ZIP code, etc.) of the individual to whom the vendor must send the certificate of insurance; and
 - b. Time period during which the agency must receive the certificate of insurance.
2. If the vendor fails to provide the agency with a certificate of insurance, consistent with the contract requirements, the agency may cancel the contract or award and make another award.

III. Requirements of a completed certificate of insurance, when one is required

- A. Submittal of certificate of insurance: The vendor must provide a copy of the certificate of insurance prior to the commencement of the contract to the individual designated in the request for bid/proposal or other procurement or purchasing document. A fax copy is acceptable. (See [sample](#) certificate of insurance.)
- B. Review of certificate of insurance. (See [sample](#) certificate of insurance.) The agency reviews the certificate to ensure that the following information is provided:
 1. Identifying information: Specifies the name of the insured, the name and the address of the insurance agency, the type(s) of insurance, the policy number(s), the effective date(s), the expiration date(s), name and address of the certificate holder, and the signature of the representative authorizing the policy.
 2. Additional insured: Names the State of Wisconsin, its officers, employees, and agents, as an additional insured.
 3. Coverage: Specifies at least the limits of insurance coverage required for the procurement.

State Procurement Manual

DOA-3449 N(R06/94) Formerly AD-P-12

		Number PRO-D-34
		Effective 4-14-10
Section GENERAL POLICIES	Agencies Affected ALL	Replaces 3-1-97
Title CERTIFICATES OF INSURANCE		Page 5 of 6

4. Cancellation notice: Provides for a minimum of a thirty (30) day cancellation notice to the agency for whom the vendor is providing the service.
- C. Verification of other information: The agency must also verify the following additional information:
 1. Business in Wisconsin: Ensures that the insurance provider is authorized to do business in the State of Wisconsin by the Wisconsin Office of the Commissioner of Insurance by calling the Commissioner's Bureau of Financial Examinations, 608/267-9456.
 2. A.M. Best Rating: Ensures that the insurance provider has an A.M. Best rating of A- or better by calling the Wisconsin Office of the Commissioner of Insurance, Bureau of Financial Examinations, 608/267-9456.
 - D. Self-insured: If the vendor is self-insured, the vendor must provide financial records that demonstrate financial ability to cover losses up to the limits of the required insurance that are acceptable to the agency's risk manager. The state will notify the vendor of the specific financial records that must be provided.
- IV. Miscellaneous: Some procurements have varying insurance requirements. An agency having insurance questions about procurement situations noted below should contact its agency risk manager or the State Property and Liability Manager, State Bureau of Risk Management, 608/266-0168.
- A. Temporary help services: Liability for property and personal injury insurance normally remains with the vendor. However, the state may accept the risk, if the agency's risk manager approves.
 - B. State Procurement statewide contract: When an agency makes a purchase through a State Procurement statewide contract issued by the State Bureau of Procurement, the Bureau will have obtained any required certificate of insurance.

State Procurement Manual

DOA-3449 N(R06/94) Formerly AD-P-12

		Number PRO-D-34
		Effective 4-14-10
Section GENERAL POLICIES	Agencies Affected ALL	Replaces 3-1-97
Title CERTIFICATES OF INSURANCE		Page 6 of 6

- C. Piggyback contract: When an agency makes a purchase through a contract established by another agency, as described in [PRO-D-29](#), Piggybacking, the agency that originally developed and established the contract is responsible for obtaining any required certificate of insurance. The agency that is piggybacking may request copies of the certificate of insurance from the original contracting agency. The piggybacking agency is responsible for obtaining any certificate of insurance to meet its own special insurance needs as identified in sections II. A. 2. and 3. above.

Authorized:



Helen McCain, Director
State Bureau of Procurement