



Policy Document

Contractor / Consultant Insurance for Work Other than Major Projects

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Authority: Director Property Services

1.0 Purpose

The following policy is designed to ensure that all contractors/consultants carry sufficient insurance cover that protects the University from loss due to the action of that contractor/consultant.

2.0 Insurance Types and Levels

Default insurance levels and types for work other than major projects are as follows;

	PL	CW	PI	MV
Contractors	\$5m	University to insure	\$2m	\$2m
Consultants	\$2m		\$2m	\$2m

PL Public Liability
CW Contract Works
PI Professional Indemnity
MV Motor Vehicle Liability

Levels and types of insurance may be reviewed for projects on a case by case basis to suit the requirements of the University and the specific project.

2.1 Definition of terms

- Contractors - persons, partnerships or companies engaged to do any construction, maintenance or other construction/maintenance type work for gain or reward.
- Consultants - persons, partnerships or companies engaged to do any design or advisory work in relation to the construction, maintenance or other construction/maintenance type work for gain or reward.
- General Liability (a.k.a. General & Products Liability / Public Liability / Public & Products Liability / Commercial General Liability etc.) – This policy covers the contractors legal liability for loss or damage to third party property (including Principal’s property) or personal injury that arises from the negligence of the contractor.
- Motor Vehicle Liability – This policy covers the contractor’s legal liability for loss or damage to third party property (including Principal’s property) or personal injury that arises from the use of a motor vehicle.
- Professional Indemnity – This policy covers the contractor’s liability arising out of an act error or omission in the giving of professional advice including design work, including that undertaken by any subcontractors they appoint.

3.0 Proof of Insurance

Contractors, consultants and suppliers who are approved contractors under the University of Otago, Property Services Approved Contractor scheme will, as part of their yearly renewal of “approved” status, furnish a certificate confirming required insurances are in place and current. Lack of such proof will mean loss of preferred status

4.0 Exceptions

From time to time and for certain contractors or groups of contractors the level of insurance may be reviewed. Following a recommendation the Director of Property Services may change the levels of insurance required.

5.0 Disputes

Should a dispute arise it will be referred to the Director of Property Services who will make a full and final decision. The complainant should receive written confirmation of the decision within 21 days (working) of lodging their complaint.

Notes (for general guidance and additional information):

1.0 Contractor and Consultant Insurance

- 1.1 The principle is that the contractual relationship is between the University and the Contractor/Consultant, and this shall be the route for the University’s pursuit for redress of loss if considered appropriate to the situation.
- 1.2 The University of Otago will arrange contract works insurance for projects undertaken by the University. This will cover all University owned property

- subject to the contract, including existing property as deemed appropriate, but will exclude any property owned by the contractor.
- 1.3 The Contract Works Insurance insures the Principal (University of Otago), contractor and sub-contractors (employed by the contractor) in respect of loss or damage to the works. The policy has a deductible and the first \$10,000 of this will be borne by the contractor.
 - 1.4 The University requires that the Contractor/Consultant shall purchase or have in place a Public Liability policy for each contract entered into. The minimum limit required is \$5,000,000, though this may be required to be increased, as required by the University, on specific projects.
 - 1.5 The University requires that the Contractor/Consultant shall purchase or have in place Motor Vehicle Liability insurance, with a minimum limit of \$2,000,000.
 - 1.6 The General Liability and Motor Vehicle Liability policies must contain:
 - A Principal's Indemnity extension noting the Principal as an additional Insured in respect of the Principals liability arising out of the Contractor/Consultant negligence in the performance of the work.
 - A Cross Liabilities clause including the provision that a breach of policy conditions by one Insured (e.g. the Contractor/Consultant) will not prejudice the rights of another Insured (e.g. the Principal).
 - A cross liabilities clause and the provision that the Contractor/Consultant's policy is primary and will apply in priority to any similar policy arranged by the Principal.
 - 1.7 The University requires that the Contractor/Consultant shall purchase or have in place Professional Indemnity insurance. The default level of cover shall be \$2,000,000. This may be amended, as agreed with or required by the University, on a project-by-project basis.
 - 1.8 All insurance levels should be confirmed by the University and clearly stipulated within the tender documentation or other terms of engagement.
 - 1.9 Insurance cover shall be provided by an 'A' rated Insurer. Full cover levels should be maintained and available for the project, irrespective of any other claim outstanding or made against the Contractor/Consultant's policies.
 - 1.10 The University neither should nor will enter into a contract with a 'Hold Harmless' clause or agreement. Each party is to be responsible for their own liabilities as set out in the contract.
 - 1.11 To ensure that the contractor has met these obligations, evidence of insurances shall be supplied to the University prior to the Contractor/Consultant starting on the particular engagement.
 - 1.12 The Contractor/Consultant should be liable for any policy deductible under their policies, and under the Principal's policies to the extent that they cause the loss.
 - 1.13 For project other than major ones the University shall retain Contractors/Consultants on an individual basis unless otherwise agreed.
 - 1.14 Where a Contractor/Consultant, with the University's agreement engages subcontractors/sub consultants, the principle is that the contractual relationship is between the Contractor/Consultant and the subcontractor/sub consultant. As such, their risk management of the subcontractor/sub consultant is their concern. It is the responsibility of the

Contractor/Consultant to ensuring that their subcontractor/sub consultant have adequate insurance before they undertake work or duties on their behalf, whether in terms of professional advice, design, or on-site works.

Distribution: [distribution list]

Policy released by [Director of Property Services]
Further information available on request