

**STATE OF NEW JERSEY
DEPARTMENT OF HUMAN SERVICES**

SUBJECT: Minimum Standards for Insurance

EFFECTIVE: This policy circular shall become effective on August 1, 2009 and shall be implemented as new Contracts commence or existing Contracts are renewed.

PROMULGATED: July 20, 2009

SUPERSEDES: Policy Circular P8.14, promulgated July 15, 2001.

The purpose of this circular is to establish the minimum standards for insurance coverage.

I. SCOPE

This policy circular applies to Provider Agencies that are covered by the Department of Human Services' Standard Language Document for Social Services and Training Contracts and to Tuition Agreements. It does not apply to Individual Provider Agreements (Contracts with sole practitioners who are not incorporated), Agreements with Another State Agency, or to two party consultant agreements.

II. DEFINITIONS

In addition to defined terms included in the Glossary of the Manual, the following terms, when capitalized, shall have meanings as stated:

Additional Insured means an endorsement to an insurance policy extending the coverage to the State of New Jersey, Department of Human Services and its Departmental Component against loss in accordance with the terms of the policy. Designating the State of New Jersey, Department of Human Services and its Departmental Component as an additional insured permits the Department to pay the premium should the insured fail to do so.

Broad Form means liability coverage that provides insurance for multiple types of perils. A Broad Form policy provides all risks coverage in one policy except for listed exclusions.

Commercial Automobile Liability Insurance means coverage that provides limits above the standard limits in the base policy, and/or covers areas of liability not covered in a standard policy.

Employee Fidelity Bond (commercial blanket bond) means coverage issued for a stated amount on all regular employees of the Provider insuring against loss from employees' dishonest acts.

Employers' Liability Insurance means coverage against the common law liability of an employer for injuries by accident or disease to employees, as distinguished from the liability imposed by Workers' Compensation Law.

General Liability Insurance means liability coverage for all premises and operations for all general liability hazards, unless excluded.

Insurance Declaration page means a document that lists most of the vital information about the Insurance policy. The declaration page states the name and address of the name insured or insured party; the location of the property insured along with its location and description; the value and replacement value of property insured; the inception and expiration date of the policy period, the premium and any other conditions, terms, exclusions and endorsements.

Limits means the dollar amount of insurance carried for the types of insurance listed.

Products/Completed Operations means a form of liability insurance which covers accidents arising out of operations which have been completed or abandoned, provided the accident occurs away from the premises owned, rented, or controlled by the insured.

Professional Liability/Malpractice means coverage for the Provider and health care providers in its employ, acting under their scope of duties, while providing medical and social services care to the clients.

Property Insurance means a Broad Form of insurance coverage for damage or loss to real and personal property.

Umbrella Policy means a policy that provides limits above the standard limits in the base policy, and/or covers areas of liability not covered in a standard policy.

Workers' Compensation Insurance means benefits payable to an employee, without regard to liability, required by State law

in case of illness, injury, disability, or death as a result of occupational hazards.

III. POLICY

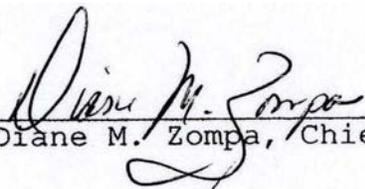
- A. To conform to Section 5.05 of the Standard Language Document, the Provider Agency shall secure liability insurance in accordance with the minimum standards for insurance coverage outlined in paragraph B. below and maintain it in force for the term of the Contract. The Provider shall maintain adequate insurance coverage. Such Insurance policies must contain the provision that the insurance provided in the Declaration page shall not be canceled or non-renewed for any reason except after thirty Days written Notice to the Department. The Provider agency is responsible for forwarding a copy of its insurance policy declaration page to the Contracting Departmental Component for its contract files upon purchase or renewal. Public entities, such as counties, municipalities or public school districts, that are self insured must provide acknowledgment that they are self-insured to the extent necessary to cover liabilities imposed by law and assumed under the Contract.
- B. The following are the minimum standards for insurance:
1. General Liability Insurance written on a commercial liability occurrence form against any liability of the Provider. Said insurance shall not be circumscribed by an endorsement limiting the breadth of coverage. The State of New Jersey, Department of Human Services and the contracting Departmental Component shall be named as Additional Insured. The policy shall include the following:
 - a. Broad Form Comprehensive General Liability
 - b. Products/Completed Operations
 - c. Premises/Operations

The minimum limits of liability shall be: bodily injury liability and property damage liability - \$1,000,000 each occurrence \$3,000,000 aggregate (may be written as a combined single limit). An Umbrella Policy may be used to supplement the base policy to meet the minimum standards for insurance. The State of New Jersey, Department of Human Services and the contracting departmental component shall be named as an Additional Insured.
 2. Commercial Automobile Liability Insurance written to cover cars, vans or trucks used by the Provider.

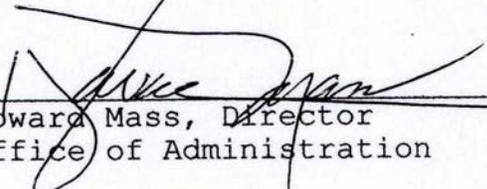
Limits of liability for bodily injury and property damage should not be less than \$2,000,000 each occurrence. The State of New Jersey, Department of Human Services and the contracting departmental component shall be named as an Additional Insured.

3. Workers' Compensation Insurance without regard to liability, required by State law in case of illness, injury, disability, or death as a result of a job related accident.
4. Employer's Liability Insurance is to be included with limits of not less than:
 - \$100,000 Bodily Injury, each occurrence
 - \$100,000 Disease each employee
 - \$500,000 Disease aggregate limit
5. Employee Fidelity Bond issued for a stated amount on all regular employees of the Provider insuring against loss from employees' dishonest acts. The bond should be for at least 15% of the full dollar amount of all State of New Jersey contracts for the current year when the combined dollar amount exceeds \$50,000.

C. The Department will pay its share of the cost of insurance that benefits all operations of the Provider Agency as approved in Contract negotiations with Department staff. Premiums may be charged directly to a Departmental Contract when the insurance relates directly to the service(s) performed in the Contract.



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