

ADDENDUM 7
Issued February 19, 2019
To the
State of Washington
Office of Financial Management
One Washington
Organizational Change Management Service
OFM 18-2000

In the previous Addendum 4, Bidders asked about the insurance requirement for Crime Coverage with “coverage of not less than \$35 million in the aggregate.” At that time OFM, in consultation with Washington State Risk Management (Risk Management), confirmed that this aggregate amount was correct. OFM has since revisited this answer with Risk Management and has determined that lowering the aggregate amount is in the best interest of the state. Therefore, with this Addendum, OFM is reducing the aggregate Crime Coverage amount in section 2.23. Insurance of the Competitive Procurement. For certainty, the entire section is repeated below with the specific section being modified highlighted in yellow and the specific change shown with track changes.

2.23 Insurance (M)

The Apparently Successful Bidder will be required to provide proof of Insurance at the commencement and during the term of the Contract.

Liability and Auto Insurance. OCM Services firm shall, at its sole cost and expense, obtain and, during the term of this Agreement, maintain, in full force and effect, the insurance coverage described in this section. OCM Services firm shall acquire such insurance from an insurance carrier or carriers licensed to conduct business in the State of Washington and having a rating of A-, Class VII or better, in the most recently published edition of Best’s Reports. OCM Services firm shall include OFM, its boards, agencies, contractors, officers, employees, agents and volunteers as a named insured party in OCM Services firm’s insurance policy obtained hereunder. If OCM Services firm fails to buy and maintain the insurance coverage described in this *Section 2.23 Insurance*, OFM may terminate the Contract under the termination provisions thereof. The minimum acceptable limits shall be as indicated below with no deductible except as indicated below:

Commercial General Liability covering the risks of bodily injury (including death), property damage and personal injury, including coverage for contractual liability, with a limit of not less than \$1 million per occurrence/\$2 million general aggregate. The policy shall include liability arising out of the parties’ performance under this Agreement, including but not limited to, premises, operations, independent contractors, products-completed operations, personal injury, advertising injury, and liability assumed under an insured contract. OFM, its elected and appointed officials, agents, and employees of the state, shall be named as additional insureds;

Business Automobile Liability (owned, hired, or non-owned) covering the risks of bodily injury (including death) and property damage, including coverage for contractual liability, with a limit of not less than \$1 million per accident;

Employers Liability insurance covering the risks of OCM Services firm's employees' bodily injury by accident or disease with limits of not less than \$1 million per accident for bodily injury by accident and \$1 million per employee for bodily injury by disease;

Umbrella policy providing excess limits over the primary policies in an amount not less than \$5 million; Professional liability insurance is required if services delivered pursuant to this agreement, either directly or indirectly, involve or require providing professional services. Such coverage shall cover injury or loss resulting from OCM Services firm's rendering or failing to render professional services. OCM Services firm shall maintain minimum limits no less than \$1,000,000 per incident, loss, or person, as applicable. If defense costs are paid within the limit of liability, OCM Services firm shall maintain limits of \$2,000,000 per incident, loss, or person, as applicable. If the policy contains a general aggregate or policy limit, it shall be at least two (2) times the incident, loss or person limit. If professional liability insurance is written on a "claims made" basis, the policy shall provide full coverage for prior acts or include a retroactive date that precedes the effective date of this contract. OCM Services firm agrees to disclose the existence and nature of any limiting endorsement that applies to any liability insurance policy purchased in accord with this contract. OCM Services firm is required to buy professional liability insurance for a period of twenty-four (24) months after completion of this contract. This requirement may be satisfied by the continuous purchase of commercial insurance or an extended reporting period; and

Crime Coverage with a deductible not to exceed \$1 million and coverage of not less than \$3.5 million in the aggregate, which shall at a minimum cover occurrences falling in the following categories: Computer Fraud; Robbery; Safe Burglary; Forgery or Alteration; Money and Securities; Employee Dishonesty and Theft; and Theft, Disappearance and Destruction of Property. Crime Coverage shall include coverage for OCM Services firm employees working at OFM locations.

Industrial Insurance Coverage. Prior to performing work under this Agreement, OCM Services firm shall provide or purchase industrial insurance coverage for its employees, as may be required of an "employer" as defined in Title 51 RCW, and shall maintain full compliance with Title 51 RCW during the course of this Contract. OFM will not be responsible for payment of industrial insurance premiums or for any other claim or benefit for OCM Services firm, or any Subcontractor or employee or agent of OCM Services firm that may arise under the industrial insurance laws during the performance of duties and services under this Agreement. However, should OCM Services firm fail to secure insurance coverage or fail to pay premiums on behalf of its employees, OFM may deduct the amount of premiums owing from the amounts payable to OCM Services firm under this Agreement and transmit the same to the responsible State agency.

Subcontractors. OCM Services firm shall require all Subcontractors to have and provide evidence of insurance coverage with the following limits:

<u>Type of Insurance</u>	<u>Coverage Limits</u>
Workers' Compensation	Statutory
Employer's Liability	\$1,000,000 each occurrence
General Liability (bodily injury and property damage combined)	\$1,000,000 each occurrence/2M aggregate
Automobile Liability	\$1,000,000 each occurrence

In addition to these coverage limits applicable to all Subcontractors, any Subcontractor providing remote processing services for OCM Services firm shall provide cyber-liability coverage as follows:

\$5 million coverage for Cyber Extortion, Cyber Terrorism, and Privacy Liability, with a \$2 million sub-limit coverage for breach response cost and notification expenses.

Prior to subcontracting Services to any third party Subcontractor not listed in the Proposal, OCM Services firm shall obtain OFM' approval for such third party pursuant to Contract terms and conditions, including approval of such third party's insurance coverage which shall be included in these Subcontractor insurance requirements upon OFM approval (but only with respect to such approved Subcontractor). OCM Services firm shall maintain copies of Certificates of Insurance for each Subcontractor as evidence that each Subcontractor maintains insurance as required by the Agreement. Failure of Subcontractor(s) to comply with insurance requirements does not limit OCM Services firm's liability or responsibility.

Premiums. Premiums on all insurance policies shall be paid by OCM Services firm or its Subcontractors. Such insurance policies provided for OFM pursuant to this section shall expressly provide therein that OFM be named as additional insured, and that it shall not be revoked by the insurer until 30 days' notice of intended revocation thereof shall have first been given to OFM by OCM Services firm.

Cancellation. OCM Services firm's insurance policies shall not be canceled or non-renewed in scope of coverage without provision for equivalent substitute insurance and such cancellation or nonrenewal shall not take place or be reduced in scope of coverage until forty-five (45) days' written notice has been given to OFM, attention OFM One WA Executive Director, and OCM Services firm has replacement insurance policy(ies) in place that satisfy the requirements set forth in this *Section 2.23 Insurance* OCM Services firm's insurance policies shall not be reduced in scope without OFM's prior written consent.

Insurance Documents. OCM Services firm shall furnish to OFM copies of certificates of all required insurance within 30 days of the Effective Date, and copies of renewal certificates of all required insurance within 30 days after the renewal date. These certificates of insurance must expressly indicate compliance with each and every insurance requirement specified in

this section. Failure to provide these documents shall be grounds for immediate termination or suspension of the Contract by OFM for material breach.

Increased Coverage. OFM is to be notified by OCM Services firm immediately if any aggregate insurance limit is exceeded. In such event, additional coverage must be purchased to meet requirements.

Subrogation. Except for instances of gross negligence or willful misconduct by OFM, OCM Services firm agrees to waive all rights of subrogation against OFM, its boards, agencies, departments, officers, employees, agents, and volunteers for losses arising from services performed by OCM Services firm under this Agreement.

Cross-Liability. All insurance provided by OCM Services firm shall be primary as to any other insurance or self-insurance programs afforded to or maintained by the State and shall include a severability of interests (cross-liability) provision. This provision means all insurance policies shall include coverage for cross-liability and contain a "Separation of Insureds" provision.

Employees and Volunteers. Insurance required of OCM Services firm under the Agreement shall include coverage for the acts and omissions of OCM Services firm's employees and volunteers.

General. By requiring insurance, the State and OFM do not represent that the coverage and limits specified will be adequate to protect OCM Services firm. Such coverage and limits shall not be construed to relieve OCM Services firm from liability in excess of the required coverage and limits, and shall not limit OCM Services firm's liability under the indemnities and reimbursements granted to the State and OFM in this Agreement. All insurance provided in compliance with this Agreement shall be primary as to any other insurance or self-insurance programs afforded to or maintained by the State.

END OF CHANGE