

Administrative Policy No. 09.20

Subject: Commercial Insurance

Information Contact: Enterprise Risk Management Office
Insurance Services Program
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Authorizing Source: Department of Enterprise
Services RCW [43.19.760](#)

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Approved By: Original signed by Pearlette Ramos
Senior director, Office of Justice, and Civil Rights

Purpose

This commercial insurance administrative policy addresses insurance coverage of boiler & machinery, cyber liability, electronic data processing, marine vessel, and master property offered by the Department of Enterprise Services (DES) to state agencies. Adequate liability insurance ensures continuity of operations and establishes procedures to identify and protect agency assets. The intent of this policy is to establish a uniform process for reviewing capital and leased assets and purchasing insurance to protect those assets. This policy requires annual asset review by the insurance services program within the enterprise risk management office (ERMO) to identify which assets will be evaluated for insurance. The central budget office will authorize and determine payment of insurance premiums for each administration.

Scope

RCW [43.19.760](#) requires that DSHS purchase commercial insurance for all owned and leased facilities and building contents with a cost replacement greater than \$250,000. Commercial insurance includes coverage for boilers and machinery, marine vessels, information technology equipment damage or loss of data, and excessive cyber liability insurance to further cover and protect losses associated with electronic information assets. This policy requires an annual

review to determine if buildings and vessels have been added, re-purposed, demolished, or de-commissioned. The review should also consider loss risk to the agency and the decision to accept or transfer the risk to another party through the purchase of commercial insurance.

Definitions

Policy: A written contractual arrangement to transfer and distribute risk in exchange for a fixed charge called a premium.

Policyholder: Person or other entity protected by an insurance policy.

Commercial insurance: Covers replacement value in excess of \$250,000 deductible for boiler & machinery, cyber liability, electronic data processing, marine vessels, and master property buildings and contents.

Cyber liability insurance: Covers 1st party damage to DSHS and 3rd party damage for any data breach of client personal information.

Information technology equipment: Devices or systems that use digital techniques for purposes such as data processing and computation.

Replacement cost: Cost to purchase or construct a new item of property to replace an older, damaged, or used item of property.

Extra expense: The cost of temporary services to ensure continuity of operations during replacement or permanent reassignment of services.

Certificate of insurance: Proof of insurance from a third-party providing goods and services.

Responsible parties: Chief of leased facilities, maintenance, and operations division (MOD) managers, operational facility CEOs and superintendents, and the insurance services program within the enterprise risk management office (ERMO).

Property value: Replacement cost or actual cash value.

Risk transfer: Pre-determined amount of risk loss that will transfer from DSHS to the insurance carrier.

Liability: The persons or agency/business agreeing to accept financial responsibility for the loss.

Hold harmless: One party assumes, by contract, the liability of another party.

Occurrence: An accident, including continuous or repeated exposure to substantially the same general harmful conditions.

Occurrence coverage: Insurance that covers claims that occur during the policy period, regardless of when the claim is made.

Insurance checklist: A method for identifying and evaluating inventory.

Policy Requirements

The insurance services program within ERMO will collect and document an annual review and evaluation of buildings and content assets for purposes of updating and revising assets to be insured.

This policy does cover extra expenses to continue operations during transition. However, this policy does not cover a continuity of operations plan.

To determine which assets will be covered under an insurance policy and which assets the agency will assume the risk of financial loss:

- A. Insurances services/ERMO must:
 - 1. Retrieve a list of owned and leased buildings from the Office of Financial Management (OFM) website.
 - 2. Send the list of owned buildings and last year's content inventory to the director of maintenance and operations division (MOD)
 - 3. MOD will review the inventory during January of each new calendar year.
 - 4. Based on DES's annual renewal date, MOD will provide the insurance services program, any changes to the provided list to include new buildings, buildings no longer in use, and/or buildings whose purpose has changed.
- B. The special commitment center (SCC) chief executive officer or designee will notify the insurance services program of ERMO immediately with any changes in vessels used to include adding new vessels and dry docking any existing vessels.
- C. The insurance services program will use known replacement costs and make annual revisions to determine replacement costs and depreciated values of commercial structures and contents.
 - 1. Insurance services will compile an annual updated inventory of essential buildings and contents required to provide residential care and community services.
 - 2. The insurance services program will notify DES of any revisions or updates as needed to current year insurance policies.