



STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

November 29, 2010

COMPTROLLER'S MEMORANDUM 2010-37

TO: Heads of Departments and Agencies

FROM: Russ K. Saito
State Comptroller *Russ K Saito*

SUBJECT: Certificate of Insurance Requirements for Contracts

The State includes the provision for a notice of cancellation or any material change in insurance coverage in Requests for Proposals (RFP), Invitations for Bids (IFB), and other contracts, as applicable.

The document used to meet this requirement is usually a Certificate of Insurance, which is a standard insurance industry form prepared by the Acord Corporation and issued by the insurance agent or broker of the contractor. In the past, this form included a provision that required that insurance agent or broker to notify the State when there was a cancellation or material change to the contractor's coverage (Notice). However, in response to demands of the insurance industry, Acord has amended its standard form to delete this Notice provision.

Therefore, effective immediately, departments may accept the new Acord forms that omit the Notice provision and waive the requirement for such Notice on both existing and future contracts. Departments and agencies with existing contracts that include the Notice provision need not amend those contracts to reflect that these Notice provisions are no longer acceptable as an insurance industry practice, and should be mindful that as the Notice provision is no longer acceptable by the insurance industry, the Notice provision will not be honored.

However, the contractor should still be held responsible to notify the contracting department or agency of any changes to the contractor's insurance policies or if the contractor receives a notice of cancellation of any of its insurance policies.

Furthermore, each insurance policy required by contracts, shall contain the following clauses:

1. "The Contractor will immediately provide written notice to the contracting department or agency should any of the insurance policies evidenced on its Certificate of Insurance form be cancelled, limited in scope, or not renewed upon expiration."
2. "The State of Hawaii is added as an additional insured as respects to operations performed for the State of Hawaii."
3. "It is agreed that any insurance maintained by the State of Hawaii will apply in excess of, and not contribute with, insurance provided by this policy."

If you, or your staff, have any questions, please call Ms. Julie Ugalde, Risk Management Officer, at 586-0550.

c: State Procurement Office