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# Integration Projects Insurance Cheat Sheet

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## Introduction

Insurance can make many of a system integrator's problems someone else's problems. Insurance obligations are part of most system integration project contracts. Engineering projects often need multiple types of insurance to have appropriate coverage.

No company is perfect, which is why most control system integration project contracts include a long paragraph (or 10) of insurance requirements. Many of these contracts contain specific types of insurance and policy limits the system integrator must carry during the project (and often for a period of time after system integration—or other engineering—contract project work is completed), with the system integrator's customer included as an "additional insured" on the policy. While the primary resource in addressing insurance needs should be an insurance agent or broker, here is a very basic look from an attorney's perspective at some commonly-required engineering-project policies and what they mean for a business..

Source: https://www.controleng.com/single-article/insurance-for-integration-projects

## 1. General liability

At its most basic level, general liability insurance protects against claims for bodily injury and property damage that result from the insured's negligent activities. If a system integrator employee carelessly leaves a piece of equipment in a high-traffic area of a customer's facility, and someone trips over it, the integrator's insurance company would defend the integrator against the resulting personal injury lawsuit (and any damages, up to the coverage limits, owed to the injured visitor).

Similarly, if the system integrator negligently performs wiring work on a customer's project that results in a fire damaging the customer's products, the insurance will respond to the claim that the customer would likely file against the system integrator for the loss.

One important standard "carve-out" of this coverage, however, is damage to the system integrator's own work on the project.

Insurance is not a warranty—it often will not protect against claims resulting from poor workmanship or the project's failure to meet the customer's needs.

## 2. Auto liability

In the same way that personal car insurance protects against the risk of a lawsuit from a driver negligently rear-ending someone at a traffic light, auto liability insurance responds to damages owed arising from the operation of company-owned vehicles. The system integrator should work with an insurance broker to ensure it is appropriately protected in the event employees use their own cars (or rental cars) while "on the clock."

## 3. Worker's compensation

Legally required in many circumstances, worker's compensation or employer's liability insurance protects against payments that may be owed resulting from occupational injuries and diseases suffered by the insured's own employees. Because each state has different requirements (and employer protections), providing accurate information to the insurance agent about the location company's projects is vital to ensure compliance with local laws and protection against these types of claims.

## 4. Professional liability

If work includes providing professional services (such as engineering), insurance for professional liability and errors and omissions should be a key part of a risk management system. It covers claims that result from rendering professional services that do not meet the applicable standard of care for that profession

## 5. Property insurance

Typically carried by the customer in larger physical development projects, property insurance or "builder's risk" insurance policies insure "the work itself" during performance until the customer accepts the completed project. Thus, if a natural disaster destroys the system integrator's physical in-progress work, this insurance would provide money for the system integrator to re-perform it in the rebuilt facility. If the customer is not carrying the appropriate coverage, the system integrator firm may have to re-do its destroyed or damaged work at its own expense..

## 6. Other coverages

Many other specialty policies exist that may be an important part of system integration project risk management strategy, including environmental clean-up coverage and insurance for tools and equipment stored at a customer's facility during a project.

Any insurance agent can sell a policy—but more useful are agents that partner with clients in structuring a risk management system to meet a company's needs.




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