

# Understanding Insurance Coverage

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**Related Policy:** [Enterprise-Wide Transportation Policy](#)

## Insurance for State Drivers

### Self-Insurance Liability Program for auto liability claims.

1. The Washington Self-Insurance Liability Program (SILP) pays tort claim judgments and settlements arising from general liability and vehicle liability for which the state is found to be wholly or partially negligent. However, The SILP does not pay for physical damage to state vehicles. State entities have the option of purchasing additional insurance through the Office of Risk Management to cover this exposure.
2. The SILP provides coverage for all state agencies, boards, commissions, community colleges, and universities with the exception of the University of Washington and the Washington State Department of Transportation (WSDOT), Marine Division.
3. The Department of Enterprise Services, Office of Risk Management:
  - a. Administers the SILP and authorizes all payments for third party injury and damage;
  - b. Maintains a centralized claims database system to track the status of all state agency general and auto liability claims;
  - c. Investigates and resolves vehicle accident claims or assigns claims to the appropriate entity for resolution.
4. The SILP provides auto liability coverage for state owned and rented vehicles driven on state business in the United States and Canada.
5. More information is available [online](#).

### Workers' compensation for job-related injuries and illnesses

The Department of Labor and Industries (L&I) administers a "no-fault" workers' compensation program (Title 51 RCW, Industrial Insurance). The workers' compensation program provides:

1. "Sole financial remedy" for state employees who sustain injuries (or death) as a result of accidents or occupational diseases that occur while "in the course of business" for the state.
2. Wage replacement, medical, and vocational benefits for permanent, temporary, seasonal and part-time employees in agencies, universities and colleges. It provides "medical only" benefits for volunteers.
3. Coordination with medical providers and the employing agency in adjudicating claim allowance, benefits, and return-to-work.
4. Coordination of third party recovery actions when applicable.
5. For more information about workers' compensation or filing an "on-the-job" injury or illness claim, visit [L&I's website](#).

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## Insurance Requirements and Coverage for State Drivers

### State employee drivers – state vehicles

1. The agency of the state employee driver causing damage to a state vehicle is responsible for payment or replacement costs of the vehicle. The Washington Self-Insurance Liability Program (SILP) does not cover vehicle repair/replacement costs.
2. The vehicle operator's agency is responsible for repair/replacement costs of the State Fleet Operations vehicles. The SILP will not pay these costs.
3. If the agency utilizes the state-contracted vendor for subrogation and/or repair ("vendor"), the vendor will attempt to recover the cost of state vehicle damage caused by third parties. If the agency does not utilize the vendor, a designated employee of the agency shall timely file a claim with the responsible party or their insurance companies. The vendor returns financial recoveries to the agency owning the vehicle.

### All state drivers – commercially rented vehicles

#### Rentals from the state vehicle rental contract:

1. In all cases, the state rental vehicle contract specifically requires the agency head or authorized designee to authorize state rental vehicle drivers to rent and operate all rental vehicles.
2. Liability and loss damage waiver (LDW) insurance coverage is provided under the base rate charged to state agencies that rent vehicles through the state's vehicle rental contract administered by the Department of Enterprise Services. (Insurance coverage is not covered under the base rate for some specialty vehicles rented from the contracted company.)
3. LDW coverage provided under the base rate includes:
  - a. Third party liability insurance coverage for payments made to other parties who sustain injury or property damage as a result of an accident caused by a state driver authorized to operate a rental vehicle
  - b. Repair costs for the rental vehicle
4. Review rental contract agreements for any restrictions (i.e., age, in the case of student drivers).
5. Refer to van use requirements in the Van Management Procedure for passenger van rentals.
6. More information on rental vehicle contracts is available [online](#).

#### Rentals from outside the state vehicle rental contract:

1. Depending on the current state of Washington corporate travel card agreement, LDW coverage may be procured for a rental vehicle. For this reason, it is recommended that non-state contract vehicle rentals be placed on the state of Washington corporate travel card to take advantage of possible vehicle insurance coverage. It is a business decision on the part of each agency to determine the need or advantage of purchasing LDW coverage when renting a vehicle that is not included under the state's rental contract. If liability coverage is not procured on a rental vehicle, the SILP can provide coverage for third party liability claims, but will NOT cover damage to the rental vehicle.

Check the most current coverage terms for the state corporate credit card [online](#).

2. Agencies are responsible for all repair costs to a rental vehicle if LDW coverage is not acquired on the vehicle. The Office of the Attorney General may represent the state driver if a lawsuit was filed against the operator.

3. Refer to van use requirements in the Van Management Procedure for passenger van rentals.
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## Contractors

### Contractor drivers - state vehicles

1. The agency head or authorized designee authorize must in writing contractors to use state vehicles for official state business.
2. Most Commercial Auto or Business Auto Liability insurance policies contain “Other Insurance” provisions in Section IV – Business Auto Conditions that provides “For any covered “auto” you don’t own, the insurance provided by this Coverage Form is excess over any other collectible insurance.” In order to ensure auto coverage for all tiers for borrowed autos from the state, contractor/consultant agreement auto insurance provisions shall provide for coverage as follows:

*Business auto liability insurance written under ISO Form CA 00 01 10 01 or equivalent providing coverage for any “Auto” (Symbol 1) used in an amount not less than a one million dollar (\$1,000,000) combined single limit each occurrence. If the CONTRACTOR/ CONSULTANT or any SUB-CONTRACTOR/SUB-CONSULTANT is to use borrowed “auto(s)” from the STATE, the first sentence of the “Other Insurance” provisions in SECTION IV.B.5a for each of their respective auto insurance policies is to be amended by endorsement to read:*

*“a. For any covered “auto” you borrow from the State of Washington, this Coverage Form provides primary insurance, except when the primary cause of the accident is determined to be a defect of the borrowed auto.”*

3. Provisions for liability insurance and industrial insurance must be included in agency contracts.

### Contractor drivers – privately owned vehicles (POVs)

In situations where contractors are required to use POVs in performance of their contracted duties, agencies are required to:

1. Include indemnification language approved by OFM in contractual agreements limiting the state’s liability for the action of the contractor. The Department of Enterprise Services, Office of Risk Management’s contracts manual, titled Contracts: Transferring and Financing Risk, contains sample hold harmless and indemnification agreements and is available [online](#).
2. Require the contractor to:
  - a. Meet the state’s minimum legal requirements for auto insurance;
  - b. Provide Department of Labor and Industries (L&I) workers’ compensation coverage for drivers, as applicable and/or as required by Title 51 RCW.

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Need a copy of a prior version of this policy? E-mail [jack.zeigler@des.wa.gov](mailto:jack.zeigler@des.wa.gov)