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COMPTROLLER'S MEMORANDUM 2010-06

TO: Heads of Departments and Agencies

FROM: Russ K. Saito
State Comptroller 

SUBJECT: General Liability and Automobile Insurance Requirements for Contracts

This memo updates Comptroller's Memorandums 2007-24, dated October 23, 2007, and 2009-04, dated April 16, 2009, covering general liability and automobile insurance requirements for contracts. This Comptroller's Memorandum 2010-06 is to advise departments of the following:

1. Standardizing the insurance requirements for Requests for Proposals (RFPs) and Invitations for Bids (IFBs) ensures consistency among State contracts and provides liability protection for the State. Comptroller's Memorandums 2007-24 and 2009-04 require that the contractual requirements for general liability (GL) be no less than \$1 million per occurrence and \$2 million in the aggregate (the maximum amount paid for claims during a policy term). These memorandums also require that automobile (auto) insurance be no less than \$1 million per accident.
2. Departments should continue to review the potential risk exposure and require higher insurance limits if warranted by specific contracts.
3. Individual agencies may continue to establish below the minimum standard requirements, if deemed appropriate for particular contracts, subject to approval by the Risk Management staff before an RFP or IFB is issued. If Risk Management approval is not obtained, the department or agency will be financially responsible for the difference between the contractual insurance requirements established by the department or agency and the amount set forth in Comptroller's Memorandums 2007-24 and 2009-04.

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