

## Property and Other Insurance Coverage Requirements Guide Sheet

### Grant Financial Management Requirement

As an OJP grantee you are responsible for providing adequate safeguards to prevent loss, damage, and theft of property acquired with federal funds, which includes having adequate insurance coverage. Per [2 CFR §200.310](#), the “non-Federal entity must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with Federal funds as provided to property owned by the non-Federal entity. Federally-owned property need not be insured unless required by the terms and conditions of the Federal award.”

### Important Information to Know

#### How do you determine insurance coverage?

Insurance coverage should be based on an assessment of the needs of the entity, the grant award, and state/local requirements. Insurance coverage should also be part of your risk management considerations and policies and procedures to safeguard against possible events that can negatively affect the progress and completion of award work.

#### What are the most common types of insurance coverage?

- ▶ **General liability insurance** helps cover an entity against the costs of liability claims made for personal injury, property damage, and advertising injury. This type of policy may also include medical expense at a low limit, usually \$5,000 or \$10,000 per person, for no-fault bodily injury
- ▶ **Vehicle operation insurance** helps protect an entity, who uses vehicles as part of its work, against liability if an accident should occur. Any vehicles used by an entity should be fully insured. If employees use their own cars, it is recommended the employee also maintain any necessary vehicle insurance, equal to the coverage the entity itself would maintain.
- ▶ **Real property insurance** refers to assets considered real estate. It covers land, buildings, and other structures that are “attached” to the land and are generally “not moveable.” Some examples of these are fences, canals, outbuildings, garages, roads, etc.
- ▶ **Property insurance** helps cover equipment, signage, inventory, and furniture in the event of a fire, storm, or theft. However, mass destruction events such as floods and earthquakes are generally not covered under standard property insurance policies. If your area is prone to these types of events, you may need to add additional coverage to meet your needs (such as flood insurance). When contrasted to real property insurance assets, these are considered “movable.”
- ▶ **Workers compensation/occupational safety insurance** helps cover medical treatment, disability, and death benefits if an employee is injured or dies as a result of his/her work with an entity. Even if employees are performing seemingly low-risk work, slip-and-fall injuries or medical conditions such as carpal tunnel syndrome could result in pricey claims.
- ▶ **Professional liability insurance**, also referred to as errors and omissions insurance, helps cover an entity against negligence claims resulting from mistakes or failure to perform.
- ▶ **Product liability insurance** helps protect an entity in a safety lawsuit due to damages caused by one or more of its products. This insurance is tailored to the type of product the entity produces and sells.

### How This Applies to Your Grant

This most commonly applies to grantees that purchase equipment with federal grant funds. The grantee’s policies and procedures should cover how they would manage this equipment, which includes their control system for acquiring and maintaining adequate insurance coverage.

Per [2 CFR §200.447](#), insurance costs to cover equipment if “*required or approved and maintained, pursuant to the Federal award, are allowable.*” The grantee should check with their funding agency about which insurance coverage costs are allowable and not allowable for their specific federal award.

Also note some other insurance costs that may be allowable depending on the funding agency and your federal award:

- ▶ Property Insurance is an allowable cost to the extent it is not otherwise included in rental or other charges for space. Federally owned equipment does not need to be insured unless specifically required in the grant conditions.
- ▶ Business interruption insurance costs are allowable if they do not include management fees coverage.
- ▶ Medical malpractice insurance costs are allowable only for research programs with human subjects or in which research techniques are being taught.
- ▶ Life insurance costs on officers, trustees, and other key employees are allowable only if these costs provide additional compensation.

These are some other insurance costs that are not allowable:

- ▶ Loss or damage to federal property insurance costs are not allowable unless the federal awarding agency has specifically required or approved them.
- ▶ Defect insurance costs are not allowable for either materials or workmanship.

*Disclaimer: Please note this guide does not include all possible insurance coverage options. It is recommended you speak with a qualified representative in your area to determine the specific insurance coverage you may need as a grantee of federal funds.*

## Resources

- ▶ [DOJ Grants Financial Guide](#)
- ▶ [2 CFR §200.310 Insurance coverage](#)
- ▶ [2 CFR §200.447 Insurance and indemnification](#)

## About the OJP Territories Financial Support Center

**The Office of Justice Programs Territories Financial Support Center** (OJP TFSC) offers free resources, training, and technical assistance for grantees in the U.S. territories. OJP TFSC services focus on building financial management capacity and can be accessed by emailing [OJPTFSC@usdoj.gov](mailto:OJPTFSC@usdoj.gov) via our Virtual Support Center.



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