# Insurance Coverage Guide Sheet

OVC FMRC

## Why is insurance coverage important?

In addition to the direct costs necessary to complete the work of the grant you were awarded, budget planning involves continuously assessing risks, identifying insurance coverage needs, and developing and implementing effective risk management procedures. Each entity must determine the appropriate insurance coverage based on an assessment of the entity's needs, the grant award, and the requirements of the state or region.

No matter the entity's needs, every grantee must obtain and maintain insurance coverage for real property and equipment purchased or improved with federal funds. Grantees must also obtain and maintain any insurance required by tribal, federal, or state law (2 CFR 200.310).

## 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 policy may also include medical expenses at a low limit, usually $5,000 or $10,000 per person, for no-fault bodily injury.
- **Vehicle operation insurance** helps protect an entity that uses vehicles as part of its work against liability if an accident should occur. Any vehicles used by an entity should be fully insured. Employees using their own cars should maintain any necessary vehicle insurance equal to the coverage the entity would maintain.
- **Property insurance** helps cover equipment, signage, inventory, and furniture in the event of a fire, storm, or theft. However, mass destruction events, like floods and earthquakes, are generally not covered under standard property insurance policies. If your area is prone to these events, you may need additional coverage, such as flood insurance, to meet your needs.
- **Workers' compensation and occupational safety insurance** help cover medical treatment, disability, and death benefits if an employee is injured or dies due to their work with an entity. Even if employees perform 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.

**Note:** This guide sheet does not include all possible insurance coverage options. A qualified representative in your area can help you determine the specific insurance coverage you may need as a grantee of federal funds.

## Resources

- DOJ Grants Financial Guide
- Code of Federal Regulations
  - 2 CFR 200.310 Insurance coverage
  - 2 CFR 200.447 Insurance and indemnification

The **Office for Victims of Crime Financial Management Resource Center** (OVC FMRC) offers culturally humble, trauma-informed training and technical assistance to support OVC human trafficking and discretionary grantees. OVC FMRC services focus on enhancing financial management capacity.

OVC FMRC

**ojp.gov/fmrc**
Email: askfmrc@usdoj.gov
Phone: 202.572.9500
**Subscribe**