



Risk Management Contract Review Policy

POLICY: Risk Management review process for contracts, grants and agreements.

APPLICABILITY: Contracts, grants, agreements and memorandum of understanding.

** All departments seeking to procure goods and services should begin by contacting the [Purchasing Department](#).

Overview

Every contract has risks that must be reviewed from the perspective of protecting the University of Rhode Island from financial loss. This section is designed to provide you with guidelines to help you understand how the University manages risk before a contract or agreement can be signed on behalf of the University. The objective is to help the University community understand the contract review process and the insurance requirements as they relate to contracts. Keep in mind that only authorized university officials can sign contracts or agreements legally binding the University and this also applies to so-called “click-on” agreements. Any contract signed by an unauthorized person is not legally binding on the university and may be the personal responsibility of the unauthorized person who signed it.

Review Process

The majority of contracts that are reviewed by Risk Management are agreements, memorandum of understandings, grants, internship and research agreements. In an attempt to standardize these agreements, the University of Rhode Island has developed “[Standard Insurance Terms and Conditions](#)” language. The Standard Insurance Terms and Conditions must be present in every contract however many times the agreements are drafted by the “other party” to the contract and thus do not include the URI’s Standard Insurance Terms and Conditions. As a result, all agreements must be reviewed by Legal, Risk Management and Purchasing (for vendor contracts).

The Standard Terms and Conditions language addresses three important protective elements.

1. Mutual Indemnification Clause

States that the University of Rhode Island agrees to indemnify and hold the “other party” harmless from financial loss resulting from the negligent or intentional acts or omissions of the University or its employees and agents. Conversely, the clause states that the Vendor will indemnify and hold the University of Rhode Island harmless from financial loss due to the negligent or intentional acts or omissions of the “other party or its employees and agents”.

2. Certificates of Insurance

A certificate of insurance should be obtained from “other party” evidencing proof of insurance as required by the University. All contracts should require the “other party” to have General Liability insurance during the entire tenure of the contract. Depending on the scope of work listed in the

contract, additional insurance may be required including Workers Compensation, Automobile, Professional Liability, etc. If the certificate of insurance confirms the coverage required by Risk Management then the contracting University department should keep a copy of the certificate in their files. If the certificate does not provide proof of coverage as required by the Risk Manager then the contracting Department should contact Risk Management for further review and instruction.

3. **Additional Insured Language**

Depending on the scope of work in the contract the University Risk Manager may require that the University of Rhode Island be added as an additional to the “other party’s” General Liability and/or Automobile Liability insurance. This is generally is the case when the contract calls for the “other party” to use the University’s property or premises. The additional insured language allows the University to be covered under the “other party’s” insurance policy Risk Management will advise with additional insurance language is required after reviewing the contract.