

Subpart 5228.90 - INSURANCE UNDER LEASES

Parent topic: [Part 5228 - BONDS AND INSURANCE](#)

5228.9000 General.

When Government property is leased under the authority of 10 U.S.C. 2667, the lessee, at its own expense, should insure the property and the liabilities of itself and the Government to third parties, including employees.

5228.9001 Waiver.

The requirement to insure the property may be waived by DASN(P) when more than 75% of its use is for Government work. In such case the Government will assume the risk of loss or damage to the property and the lease will be modified accordingly.

5228.9002 Lease provisions.

(a) Where insurance is required, the lease shall require the lessee to:

(1) purchase and maintain Fire and Extended Coverage insurance or its equivalent and, if applicable, Boiler and Machinery insurance, in an amount equal to replacement value less depreciation or in any lesser amount determined by the contracting officer.

(2) provide insurance on special types of property (e. g., floating drydocks, mobile power plants, etc.) as designated by lessor.

(b) When a co-insurance clause is used, failure of the lessee to maintain adequate insurance does not relieve the lessee of its responsibilities under any other terms of the lease.

5228.9003 Insurance policies.

(a) Insurance policies for leased property shall be issued in the names of the lessee and of the Department of the Navy and contain a loss payable provision as follows: "Loss, if any, under this policy shall be adjusted with (Lessee) and the proceeds, at the election of the Government, shall be payable to the (Lessee); any proceeds not paid to the (Lessee) shall be payable to the Treasurer of the United States."

(b) Each insurance policy shall contain a provision for thirty days prior notice to DASN(P) in the event of cancellation of the policy.

(c) A certificate of insurance or copy of each insurance policy shall be deposited with DASN(P) via hardcopy or by email at usn.pentagon.asstsecnavrdadc.mbx.pabt@us.navy.mil with the subject “[Activity Name] FAR 28.9003 - Insurance Policy Deposit.”