

APPENDIX A

CERTIFICATE OF INSURANCE GUIDELINES

In the practice of good risk management, your District often will attempt to transfer the risk of accidental loss through contracts. Usually, your District requires the other party to a contract (contractor) to assume some of your District's liability arising out of the activity described in the contract. This transfer generally is appropriate, as the contractor is most often the party in the best position to control loss.

This intended transfer of risk is achieved by requiring suppliers, contractors, tenants and users of public facilities (Le. the other party to most District contracts) to protect themselves and your District against claims or judgments arising from their products, activities or use of your facilities. Usually the best way to assure that the transfer actually takes place (Le. that the loss will be paid by someone other than your District) is to require insurance. The insurance should also protect the District, its officers, officials, employees and volunteers.

Your District's standard requests for proposal, bid specifications and contracts should contain a description of the required insurance. In addition, they should contain appropriate hold harmless and indemnification clauses. Hold harmless and indemnification clauses are agreements by which one party assumes the liability of another and agrees to defend them in the event of a claim. These are the legal instruments of the risk transfer, while the insurance is the financial guarantee. The hold harmless and indemnification clauses should be written to take effect immediately upon execution of the contract. They should contain provisions that the District be held harmless, defended and indemnified, and should describe the extent of such indemnification.

The insurance policy which financially supports the hold harmless and indemnification clauses does not automatically become effective upon execution of the contract. Coverage applies only when the other party's insurance company issues the required insurance policies or endorses existing policies to conform to your District's requirements. As the insurance coverage does not become effective automatically, your District should require proof that the insurance is in effect before the contract is accepted.

As proof of coverage, most insurance agents and brokers will provide a document called a certificate of insurance. Issuance of a certificate serves as evidence that the contractor has a policy of insurance. However, the certificate does not modify the insurance policy itself. It does not guarantee that the required policy provisions are in place. Nor does the certificate tell the reader what exclusions or limitations may be found in the contractor's insurance policy. Therefore, your District must receive and review a copy of the policy or an endorsement amending the coverage to make sure that the actual coverage required is in effect. You should make every effort to obtain and review the endorsement or actual policy before work begins pursuant to the contract.

You should receive certificates of insurance from various sources - from tenants, vendors and from contractors hired for activities such as tenant improvements, alterations and additions work. Consequently, it is essential that you be able to read these certificates and compare the information provided to the applicable insurance requirement in a lease or other contract. This guideline is designed to assist you with this process.

General Information

What is a certificate?

A certificate of insurance is a document that gives evidence of the insured's financial ability (via a insurance policy) to respond to a claim. Under most circumstances, no coverage benefits are afforded to the certificate holder; the certificate merely confirms that the subject company carries insurance.

Why are certificates needed?

Certificates give evidence that the other party has appropriate insurance to cover the claims for which they are responsible.

When are certificates needed?

Certificates are needed when another party (such as a contractor janitorial service, security service, etc.) performs services on your behalf or has property in their care, custody and control (e.g. leasing your premises or your equipment).

Who should provide the certificate?

The other party's insurance agent, broker or risk management department should provide the certificate to you.

What should a certificate include?

1. Name of insurance company issuing each policy
2. Named Insured
3. Address of Named Insured
4. Description of Coverage
5. Policy Numbers
6. Policy Periods
7. Coverage Type (Occurrence form vs. Claims-Made form).

If coverage is claims-made, the certificates will also include the following:

1. Retroactive date
2. Length of time allowed as extended reporting period
3. Limits of Liability
4. Deductibles (or SIRs);
5. Description and location of operations
6. Name and address of certificate holder
7. Notice of cancellation provisions; and
8. Authorized signature and date of issuance.

Checklist for Evidence of Insurance

- Coverage is as specified in the contract (e.g., only "Commercial General Liability" insurance should be accepted for compliance with the general liability insurance requirements. Other forms, such as Owners Landlords and Tenants forms (OL&T) are not acceptable).
- Names correct on policy/endorsement/certificate.
- General Liability is on an "occurrence" basis, not "claims-made."
- Policies are current and will be suspended (tickler filed) for renewal follow-up if the contract period runs beyond the policy expiration date.
- Limits are at least as high as the minimum required in the contract.
- The insurer's Best rating meets or exceeds the District's minimum requirements.
- The insurer is admitted in California.
- Primary and excess liability policies have concurrent coverage periods.
- No self-insured retention on liability policies. Any must be disclosed.
- The District has received evidence for each type of insurance required.
- Evidence provides for 30-day notification to District of charges or cancellation.
- Evidence is of proper form, i.e. certificates, endorsements or policies as appropriate.
- Correct evidence forms, e.g., Form CG 20 10 with addition date prior to 1993 for endorsements and certificate with appropriately modified wording or the equivalent such as 1037.
- The District has been added to the appropriate policies as an additional insured. A certificate does not accomplish this.
- Liability insurance layers have concurrent policy dates.
- Auto liability covers "any auto" (or non-owned or hired if the contractor has no autos).
- Required waivers of subrogation provided.
- Documents include proper signatures.
- Descriptions of operations, locations, etc. are correct.

APPENDIX D

OBTAINING VERIFICATION OF COMPLIANCE

Summary:

Your District should require the responsible party to submit acceptable proof of insurance before work can begin or premises be occupied. As proof of coverage, most insurance agents are accustomed to preparing, signing and submitting an insurance industry-designed certificate of insurance. Your District should require that the insurer use forms provided by your District. If the insurer insists on use of insurer-provided forms, the forms must be modified to comply with District insurance requirements. To the extent possible, you should require endorsements to the policy rather than certificates of insurance. For major projects, or to be as certain as possible about coverage and compliance with requirements, you should obtain a copy of the complete insurance policy and read it carefully.

The California Insurance Code clarifies the role of certificates of insurance in relation to the insurance policies which they describe. According to Section 384, that became law on January 1, 1979:

A certificate of insurance or verification of insurance provided as evidence of insurance in lieu of an actual copy of the insurance policy shall contain the following statements or words to the effect of:

This certificate or verification of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policies listed herein. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate or verification of insurance may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.

This wording means that if the certificate is not accurate, the insurer is not required to conform to the certificate. Also, any statements made on the certificate, such as cancellation notice provisions, do not affect the policy.

Occasionally, insurance agents or insurers may make errors when issuing certificates of insurance. The most common errors involve description of additional insureds and notice of cancellation. When these errors on the certificate conflict with terms found in the policy, the policy governs, according to California law. To reduce the possibility of errors, and for ease of administration, you should insist that the contractor's insurer use District-supplied forms to provide evidence of insurance. Use of standard forms signed by the insurer's representative provides greater assurance that coverage is in force.

Also, standard forms simplify paperwork for your District and for the insurer as: It is okay" if they say no to changes. Recommend the ISO standard forms.

- They eliminate the need for the insurer to analyze your District contract and draft specific language to comply with it; and

- They match all of the coverage requirements, using language most acceptable to your District. Thus, they do not require detailed review.

To implement some of the insurance clauses in the sample specifications, the contractor's insurance agent must request the insurance companies to amend the contractor's insurance. Forms should be completed by the insurance company. They can be completed by the agent only if the agent is an authorized representative of the insurance company with authority to issue such forms. The forms must be signed by the underwriter or other authorized representative of the insurer. The original signed forms should be returned to your District before work begins.

To simplify acceptance by insurers, the required general liability endorsements are based on widely used insurance industry forms, with modifications to meet your District's needs. The modifications add important protection for your District, so when you receive the endorsement, if the insurer uses its form rather than one sent out by the District, check to make sure that all the modifications have been included.

Failure of your District to require correct insurance coverages or failure to monitor compliance could result in significant financial loss to your District.

IN SUMMARY:

For contractors, you need two forms, Form CG 20 10 10 01 for ongoing work exposure and Form CG 20 37 10 01 for products-completed operations exposure.

For use of property (owners/lessees exposure), Form CG 20 10 10 01 is sufficient by itself. There is also an ISO form for adding a public entity as an additional insured. An insurance carrier may require this Form CG 01 30 09 97 in lieu of Form CG 20 10 10 01. Please note it is not preferred as it has additional exclusionary language. This language is as follows: With respect to the insurance afforded these additional insureds, the following additional provisions apply: Exclusions b., c., g., h(1), j., k., l., and n. under Coverage A – Bodily Injury and Property Damage Liability (Section I – Coverages) do not apply. Additional Exclusions

This insurance does not apply to:

- A. "Bodily injury" or "property damage" for which the additional insured(s) are obligated to pay damages by reason of the assumption of liability for the active negligence of the additional insured(s) in a contract or agreement. This exclusion does not apply to liability for damages that the additional insured(s) would have in the absence of the contract or agreement.
 - 1. "Bodily injury" or property damage" occurring after:
 - a. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the site of the covered operations has been completed; or
 - b. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractors or subcontractor engaged in performing operations for a principal as a part of the same project.
- B. "Bodily injury" or "property damage" arising out of any act or omission of the additional insured(s) or any of their "employees."
- C. "Property damage" to:
 - 1. Property owned, used or occupied or rented to the additional insured(s);
 - 2. Property in the care, custody, or control of the additional insured(s) or over which the additional insured(s) are for any purpose exercising physical control; or
 - 3. Any work, including materials, parts or equipment furnished in connection with such work, which is performed for the additional insured(s) by you. We do not recommend this form, but have provided it as an insurer may require it.

Also, standard forms simplify paperwork for your District and for the insurer as: It is okay if they say no to changes. Recommend the ISO standard forms.

- They eliminate the need for the insurer to analyze your District contract and draft specific language to comply with it; and
- They match all of the coverage requirements, using language most acceptable to your District. Thus, they do not require detailed review.

To implement some of the insurance clauses in the sample specifications, the contractor's insurance agent must request the insurance companies to amend the contractor's insurance. Forms should be completed by the insurance company. They can be completed by the agent only if the agent is an authorized representative of the insurance company with authority to issue such forms. The forms must be signed by the underwriter or other authorized representative of the insurer. The original signed forms should be returned to your District before work begins.

To simplify acceptance by insurers, the required general liability endorsements are based on widely used insurance industry forms, with modifications to meet your District's needs. The modifications add important protection for your District, so when you receive the endorsement, if the insurer uses its form rather than one sent out by the District, check to make sure that all the modifications have been included.

Failure of your District to require correct insurance coverages or failure to monitor compliance could result in significant financial loss to your District.

FREQUENTLY ASKED QUESTIONS

The following questions represent those most often asked by users of this manual. If you have questions that are not answered by this section, please do not hesitate to contact _____. As you can see by reviewing the following section, we all learn through the process of thoughtfully examining the risk management process.

1. **If a lessee or contractor is a large one, do I still need to insist on the Insurance Requirements?**

Yes; you would have no way of verifying that their assets were available for losses that might occur, whereas you could be confident in an insurance carrier with a quality Best's rating.

2. **Is it all right if the contractor alters the indemnification language?**

No; the indemnification language has been carefully worded to afford your District as much protection as legally possible, and it has been tested in court. Altering the language would weaken your District's protection.

3. **Can we require a Best Rating for a company that is "Admitted" in California, or is this against the law?**

Yes; unless the company is a Surety company. The law you refer to requires construction owners to accept Surety Bonds from any Surety company, in an effort to improve minority contractors' chances in successfully bidding a job. If it is a federally approved Surety, you are obligated to accept the Surety. This can be seen on the Internet at <http://www.fms.treas.gov/c570/index.htm>.

Remember, just because an insurance company is "Admitted" does not assure you that they have the assets required by your contract.

4. **If the contractor's insurance does not meet the criteria in the Insurance Requirements Manual specifications, should we alter the requirements to fit the contractor's insurance?**

No; the insurance requirements language has been carefully worded to afford your District as much protection as legally possible. Altering the language would weaken your District's protection. It is not the responsibility of your District to tailor your requirements to fit; rather, you are doing the contractor a favor in showing them the proper coverage needed by them in order to protect their business.

5. **Does the "addition date" on the suggested ISO endorsements matter?**

Yes; there have been significant reductions in the coverage afforded to additional insureds by "updated" versions of these endorsements. A further discussion regarding these changes is contained in the section of the manual describing endorsements.

6. **If the agent or broker changes the word "endeavor" to "will provide" in the Notification section of the Certificate of Insurance, are we OK?**

No; always remember that Certificates of Insurance DO NOT alter the insurance coverage, and any changes that are necessary need to be endorsed onto the policy with

a copy of the endorsement provided to your District. Agents and brokers will sometimes try to convince you that endorsements are unnecessary when the Certificate has its wording changed; if so, you need to point out the box in the upper right hand corner of the Certificate, which states that it DOES NOT amend or alter the insurance.

To ensure that the burden is on the insurance company to notify you of a change in status of coverage, you must receive an endorsement to this effect. Being named as an "additional insured" obligates the insurer to inform you of any status change in the policy.

7. **Can lower limits be permitted when we are dealing with small contractors or artisans, and we are only using them for small jobs?**

Yes; there are some very small vendors or artisans that may provide a service to your District and the cost of obtaining standard limits may not be possible. You should always evaluate the potential of loss, potential benefit to the organization for the service provided and finally the vendor's financial capacity to purchase coverage at reasonable rates. The dollar amount of an agreement would never be the sole determining factor on the insurance.

8. **The contractor's agent says that we cannot get the endorsements as required by the Insurance Requirements Manual specifications; what can we do?**

In many instances, if not all, the agent or broker has not even approached the insurance company with your request - they are merely trying to discourage you from asking so that they will not have to bother. We recommend contacting the broker or agent directly. By informing them of the needs and requirements of your organization, they will typically provide you with the necessary endorsements required by your agency. If this tactic does not work, please call _____ for confirmation of the unavailability of endorsements from the contractor's company.

9. **How do we determine the proper limits of liability for any given job?**

Ask yourself how much damage the contractor could cause if they totally botched their work. Include in your estimate lost time, wages, extra expense incurred for repairing or replacing the work, and any future impacts. If this amount is more than the suggested amounts shown in the specifications in this manual, use the greater amount.

10. **Can we accept an insurer with less than an A.M. Best Rating A-VII or Standard & Poor's BBB?**

Yes; but keep in mind that the rating gives your District some confidence in that insurer's ability to cover all of its claim liabilities, including your potential claim. By accepting lower Best's or Standard & Poor's Ratings, you are exposing your District to the possibility that the insurer will be unable to pay any claim you or a third party may present. As an aside, major insurance brokers and agents also insist on placing clients in companies with high Best's and Standard & Poor's Ratings, as a way of protecting themselves against potential E&O claims from their clients.

11. **How do we discover what the rating of an insurer is?**

You can subscribe to the A.M. Best service, which is fairly expensive unless you have a regular need to consult the ratings; otherwise, call _____, and they will look it up for you. As of May 2009, the ratings can also be accessed over the Internet for no cost at www.ambest.com.

You also can go to the Standard & Poor's website to obtain the rating of a specific

insurance company. You must register for access, although this is free of charge. Go to www.standardandpoors.com and look for a "Find a Rating" link in the margin or header.

12. What do the Standard & Poor's or Best's Ratings mean?

See Appendix C, page 4, for a discussion of this question. Simply, the Standard & Poor's or Best's Ratings give your District a picture in time of the financial strength of the insurance company that is guaranteeing the contractor's ability to reimburse and/or protect your District in case of a loss where they are at fault.

13. Does a contractor need Professional Liability coverage?

Only if the contractor is expected to do so under their contract, with your District, to provide your District with "professional" services. The simplest way to decide is to determine whether the nature of the services provided entail brain work or physical work. If it is only physical work, then a liability policy, general and/or automobile will most likely cover all your exposures to loss. However, if the work or a portion of the work is expected to involve primarily thinking, Professional Liability insurance is required. As an example, if a contractor is merely following blueprints in constructing a building, it would involve only physical work and a general liability policy will work. However, if that contractor decides that they know a better way to construct part of the building, and they alter the blueprints, then they have crossed the line over into "professional" services, and they would then need Professional Liability coverage to cover a subsequent loss due to that change in the blueprints.

14. How long of a period of time do we require the claims-made professional liability to be carried after completion of the project?

For as long as possible. Remember that "claims-made" coverage will only respond to a claim that is presented while the policy is in force. Therefore, it is imperative that your District be protected as long as possible after the completion of the project, so that any claims caused by faulty design or other professional services (see Question 13) will be covered by the responsible party. Keep in mind that your regular liability policy may not cover professional liability losses, and therefore your District may be bare in the event of a claim arising out of professional services rendered on the project. Normally, professional policies can be purchased with a three year "tail," which will allow claims to be presented up to three years after the professional liability policy expires. If you can get more in your contract, do so.

15. Does a contractor need proof of automobile liability when they are hired to work on the premises?

Yes; for the very simple reason that the contractor has to use some means of transportation to reach your premises, and to transport tools, supplies and materials. If the contractor is determined to be engaged in business on your District's behalf when they are involved in an automobile accident, then your District may be held liable as the respondent superior. In that case, the contractor's automobile insurance would respond if your District has been properly named as an additional insured.

17. Should we ask to be named as an additional insured on the contractor's professional liability policy?

No; the contractor's professional liability insurer would not do so, nor would any professional liability carrier. The reason is that the insurer would not want to pick up your District's professional liability hazards, which it could do if you were an additional insured. Professional liability policies are written to specifically cover individuals who are individually underwritten based on their professional history. The insurer is not able to do this careful underwriting on your District's professionals, and therefore will not add

your District.

18. **What can be done if we don't have the proof of insurance when it is time to start the work?**

There is very little that can be done at this point in the process, and that is why we recommend that the insurance specifications contained in this manual be sent out with the pre-bid package. There are no good choices when this situation occurs; either you must delay the work while you wait for the proof (which has a way of really setting off your construction people), or you must in effect "self-insure" the contractor until the proof is received and accepted, and hope that the contractor's insurance meets your specifications.

19. **Why can't we accept a Certificate of Insurance as proof of the District being named as an additional insured?**

It is really rather simple; In the upper right-hand corner of the Acord Certificate of Insurance are the following words:

This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend or alter the coverage afforded by the policy below.

If any agent or broker tries to convince you that the certificate truly does confer rights or coverages, and that you therefore do not need the endorsements you are requesting (and some will) you can read this to them out loud.

20. **Why do we need an indemnity clause when we are added as an additional insured on the liability policy?**

Always remember that insurance is only one way that the contractor can indemnify your District, and if you have an indemnity provision in your contract with the contractor, that contractor is obligated to indemnify your District whether their insurance covers the loss or not. This puts the burden on the contractor rather than your District to make certain that their coverage is sufficient and current. So make sure your indemnity language is strong, and that if the contractor does not carry sufficient or correct insurance to cover their obligations to your District, they do have the assets to indemnify those uninsured or underinsured exposures.

21. **Should we ask for a Waiver of Subrogation from the contractor's insurer?**

There are two responses, depending on the program:

Yes; in the case of **Workers' Compensation and Property** insurers; if your District does not do so, the contractor's insurance company can look to your District to reimburse any claims cost that they have incurred defending or indemnifying their insured on your project. Subrogation is the transfer to the insurance company of the contractor's right to collect for damages from another party; in this case, your District. Although you may have protected your District from the contractor looking to your District's indemnification, you have not protected your District from the contractor's insurance company ability to do so unless you also get a Waiver of Subrogation from the contractor.

No; in the case of **Liability** insurers; this is true only if your District is not named as an additional insured on the contractor's liability policy. Current case law holds that it is against public policy to allow an insurer to subrogate against its own insured, even an "additional insured." As long as your District is diligent in securing and confirming its additional insured status (by insisting on receiving a copy of the additional insured

endorsement), there is no reason to require a Waiver of Subrogation.

22. **If a hold-harmless agreement is not necessarily legally binding, why do we need to include it?**

A hold-harmless agreement usually does not relieve your District of legal liability for your District's own negligence, but it does relieve your District of legal obligations arising out of the contractor's negligence. Without the hold-harmless agreement, your District's ability to be protected by your additional insured status is weakened.

23. **Should our organization require bonds in contracts that are not construction related?**

Yes; there are a number of situations when your organization may want to require bonds. For example, some vendors that provide personalized products such as customized information systems, specific equipment designed and built for your organization or specific services provided for your organization. Although these may not be required on all vendor agreements, it is important to understand how these bonds may save your organization in the event the vendor fails to deliver or lacks the funding to finalize their product.

24. **Should our organization require that contractors provide proof of terrorism coverage in their insurance programs?**

Maybe; the federal government has mandated that all insurers offer coverage for terrorist acts for an additional premium. This coverage is currently available; however, many insureds are declining this coverage. It is unclear to what extent a contractor could be responsible for any act of terrorism that occurs while performing tasks for your organization. You may consider the coverage on construction projects which may be impacted as a result of a terrorist attack. As with any exposure, you must identify the potential for risk, if the project is politically sensitive or considered highly visible, the inclusion of terrorist coverage may be necessary.

25. **My contractor states that they are self-insured for liability, auto, and worker's compensation, and they cannot provide a certificate of insurance?**

In the State of California, organizations that are self-insured for workers' compensation must have a certificate of consent to self-insure issued by the State of California. They must also have authorization from the state to self insure their auto exposure. First obtain copies of all of their documents granting them the authority to self-insure. Secondly, obtain a letter from the organization that clearly spells out all of the requirements in your agreement such as an equivalent to additional insured, waiver of subrogation, primary, etc. Next, you will need to confirm that the organization has assets available to cover any losses in the event they occur.

This may include the review of audited financial statements, balance sheets, etc. Finally, you may require the contractor to issue a bond or a letter of credit to your organization in an amount necessary to cover any losses.

26. **The contractor states that he is a sole proprietor and does not carry Worker's Compensation insurance, is this acceptable?**

Yes; many contractors are either sole-proprietors or are partnerships. Partners or proprietors are not required to purchase worker's compensation for their operations. You should receive a letter from the contractor stating they are either the owner of the organization or a partner and exempt from the worker's compensation requirement.

Insurance Requirements Matrix

(Recommended Minimum Amounts)

Chap.	Description	Pg.	Certificate of Insurance	Additional Insured	
1	Building Contractors	1			
	General Liability		\$5,000,000	X	X
	Automobile Liability		\$1,000,000	X	
	Workers' Compensation		Statutory	X	*
	Employer's Liability		\$1,000,000	Included	
	Professional Liability		\$1,000,000	X	
2	Contractors: Painters, Plumbers, Landscapers, etc.	5			
	General Liability		\$1,000,000	X	X
	Automobile Liability		\$1,000,000	X	
	Workers' Compensation		Statutory	X	*
	Employer's Liability		\$1,000,000	Included	
3	Environmental Contractors or Consultants	9			
	General Liability		\$1,000,000	X	X
	Automobile Liability		\$1,000,000	X	
	Workers' Compensation		Statutory	X	*
	Employer's Liability		\$1,000,000	Included	
	Pollution Liability and/or Asbestors Pollution Liability and/or Professional Liability		\$1,000,000 (occurrence); \$2,000,000 (aggregate)	X	X
4	Consultants/Professional Service Providers: auditor, engineer, insurance broker, specified medical practitioners, etc.	13			
	General Liability		\$1,000,000	X	X
	Automobile Liability		\$1,000,000	X	
	Professional Liability(other than physicians)		\$1,000,000	X	
	Medical Malpractice(physicians, dentists, psychologists)		\$1,000,000	X	
	Workers' Compensation		Statutory	X	*
	Employer's Liability		\$1,000,000	Included	
	Sexual Abuse or Molestation		\$1,000,000	X	X
5	Suppliers and/or Vendors	17			
	General Liability		\$1,000,000	X	X
	Automobile Liability		\$1,000,000	X	
	Workers' Compensation		Statutory	X	*
	Property Insurance		Replacement Value	X	
6	Bus Transportation and/or Contractors	21			
	General Liability		\$2,000,000	X	X
	Automobile Liability		\$5,000,000	X	
	Workers' Compensation		Statutory	X	*
	Employer's Liability		\$1,000,000	Included	
	Sexual Abuse or Molestation		\$1,000,000	X	X
7	Use of Facilities: Private Citizens, Organizations or Non-business groups, etc	25			
	General Liability		\$1,000,000	X	X

* Waiver of Subrogation Required

CHAPTER FOUR

CONSULTANTS

Professional Service Providers (i.e., solicitor, auditor, engineer, district insurance broker, specified medical practitioners, etc.)

MINIMUM REQUIREMENTS

- I. **General Liability:**
 - a. Commercial General Liability with a \$1,000,000 Combined Single Limit of Liability per occurrence for Bodily Injury, Personal Injury and Property Damage.
 - b. Contractor's insurance to be primary.
 - c. 30-day notice of intent to cancel, non-renew, or make material change in coverage.
 - d. School/Community College District and JPA to be named as "Additional Insured."
 - e. Executed Indemnity and Hold Harmless Agreement (see Appendix H) or substantially similar provisions should be included in the bid specifications or contract.

- II. **Automobile Liability:**
 - a. \$1,000,000 Combined Single Limit of Liability for Bodily Injury and Property Damage per accident.
 - b. Coverage to include "Owned, Non-Owned, and Hired" automobiles.
 - c. 30-day notice of intent to cancel, non-renew, or make material change in coverage.

- III. **Professional Liability (other than physicians)**
 - a. \$1,000,000 Errors & Omissions Insurance or Professional Liability.
 - b. 30-day notice of intent to cancel, non-renew or make material change in coverage.
 - c. Executed Indemnity and Hold Harmless Agreement (see Appendix G) or similar provision should be included in the Service Contract.

NOTE: Indemnity Agreement for architects, engineers and landscape design is Type III only (AB 573)
 - d. "Additional Insured" is not required.

- IV. **Medical Malpractice (physicians, dentists, psychologists)**
 - b. \$1,000,000 Medical Malpractice Insurance.
 - c. 30-day notice of intent to cancel, non-renew or make material change in coverage.
 - d. Executed Indemnity and Hold Harmless Agreement (see Appendix A) or similar provision should be included in the service contract.

- e. Additional Insured Agreement is not required.
- f. In certain circumstances the following applies: General Liability and Automobile Liability with Combined Single Limits of Liability of \$1,000,000 each.

V. Workers' Compensation/Employer's Liability:

- a. Certificate of Insurance indicating "statutory" limits.
- b. 30-day notice of intent to cancel, non-renew, or make material change in coverage.
- c. Employer's Liability, \$1,000,000.

VI. Sexual Abuse or Molestation:

- a. \$1,000,000 Sexual Abuse Injury Limit of Insurance
- b. All other requirements as provided under "General Liability (b through e)" above.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01).
2. Insurance Services Office Form Number CA 00 01 covering Automobile Liability, Code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
4. Professional Liability insurance appropriate to the consultant's profession. Architects' and Engineers' coverage is to be endorsed to include contractual liability.

Minimum Limits of Insurance

Consultant shall maintain limits no less than:

- | | | |
|---|--------------------|--|
| 1. General Liability:
(Including products and completed operations) | \$1,000,000 | per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. |
| 2. Automobile Liability: | \$1,000,000 | per accident for bodily injury and property damage. |
| 3a. Workers' Compensation | | As required by the State of California. |
| 3b Employer's Liability: | \$1,000,000 | per accident for bodily injury or disease. |
| | \$1,000,000 | per accident for bodily injury or disease. |
| 4. Professional Liability or Medical Malpractice: | \$1,000,000 | per occurrence. |
| 5. Sexual Abuse or Molestation | \$1,000,000 | Sexual Abuse or Injury Limit Insurance |

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees and volunteers; or the Consultant shall provide a financial guarantee satisfactory to the District guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

- A. The commercial General Liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The District, its officers, officials, employees and volunteers are to be covered as insureds as respects: liability arising out of work or operations performed by or on behalf of the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant.
 2. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
 3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) day's prior written notice has been provided to the District.
- B. If Professional Liability, and/or Errors & Omissions coverages are written on a claims-made form:
1. The retroactive date must be shown, and must be before the date of the contract or the beginning of contract work.
 2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.
 3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, the Contractor must purchase an extended period coverage for a minimum of five (5) years after completion of contract work.
 4. A copy of the claims reporting requirements must be submitted to the District for review.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A-VII, unless otherwise acceptable to the District. Exception may be made for the State Compensation Insurance Fund when not specifically rated.

Verification of Coverage

Consultant shall furnish the District with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by the District or on other than the District's forms provided those endorsements conform to District requirements. All certificates and endorsements are to be received and approved by the District before work commences. However, failure to do so shall not operate as a waiver of these insurance requirements. The District reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

Waiver of Subrogation

Consultant hereby agrees to waive subrogation which any insurer of Contractor may acquire from Vendor by virtue of the payment of any loss. Consultant agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.

The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the District for all work performed by the consultant, its employees, agents and subcontractors.

REPRODUCTION OF ACORD, INC. FORM

Date: (MM/DD/YYYY)

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

above notice confirms the provisions of the California Insurance Code, §384. Other states have similar provisions. It states that the policy, not certificate governs coverage.

PRODUCER

Block identifies the Agent or Broker

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COVERED PARTY

Insured is your district's contractor or lessee

INSURER A
INSURER B
INSURER C

The insurer will be identified here. The insurer letter appears again near the left margin under "Type of Coverage" to show which insurer provides which coverage

IS TO CERTIFY THAT THE COVERED PARTY NAMED ABOVE IS PROVIDED WITH THE COVERAGES LISTED BELOW FOR THE PERIOD INDICATED WITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE COVERAGE DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH COVERAGE. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS (This notice states that the policy supercedes the certificate form.)

S. NO.	TYPE OF COVERAGE	POLICY NO	EFFECTIVE (MM/DD/YYYY)	EXPIRATION (MM/DD/YYYY)	LIMITS	
						\$
GENERAL LIABILITY	GENERAL LIABILITY		These two columns show inception and expiration dates for policies identified. Pay special attention that coverage does not expire before and during your project or lease.		EA OCCURRENCE	\$
	COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (EA OCCUR)	\$
	CLAIMS MADE OCCUR				MED EXP (ANY ONE PERSON)	\$
	WRONGFUL ACTS				PERSONAL & ADV INJURY	\$
	ERRORS & OMISSIONS				GENERAL AGGREGATE	\$
	GENERAL AGGREGATE LIMIT APPLIES PER				PRODUCTS - COMP/OP AGG	\$
	POLICY PROJECT LOCATION					
AUTOMOBILE LIABILITY	ANY AUTO		The columns under "Type of Coverage" show what is provided through the Agent or Broker identified above. If the insured uses more than one Broker, this certificate will not identify all existing.		COMB SINGLE LIMIT (EA ACCIDENT)	\$
	ALL OWED AUTOS				BODILY INJURY/PER INDIV	\$
	SCHEDULED AUTOS				BODILY INJURY/PER ACCID	\$
	HIRED AUTOS				PROPERTY DAMAGE	\$
	NON-OWNED AUTOS					
GARAGE LIABILITY	ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
					OTHER THAN EA ACC AUTO ONLY AGGR	\$
EXCESS/UMBRELLA LIABILITY	OCCUR CLAIMS MADE				EA OCCURRENCE	\$
					AGGREGATE	\$
						\$
						\$
WORKERS' COMPENSATION AND EMPLOYERS LIABILITY	Any Proprietor/Partnership/Executive Officer/Member Excluded? If yes, explain under Special Provisions				WC STAT OTHER	
					E.L. EACH ACCIDENT	\$
					E.L. DISEASE - EA EMPL	\$
					E.L. DISEASE - POLICY LIMIT	\$

The above columns to the right identify limits per occurrence and aggregate for each type of coverage afforded. Pay special attention to low aggregate limits for public works-type contractors. Losses on other jobs may reduce coverage

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS
 This section will usually be used to restrict coverage to a specific job or lease. Watch for restrictions that would omit the coverage required by your specifications.

Cancellation provisions as written below guarantees nothing. Some brokers will cross out the words "endeavor to" but this still does not amend the policy.

CANCELLATION

CERTIFICATE HOLDER

Certificate Holder is your District

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL _____ DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES

AUTHORIZED REPRESENTATIVE

The authorized representative of the insurer should be an employee, unless the agent or broker is specifically authorized to sign on behalf of the company.