

**csurma**

California State University Risk Management Authority



# Insurance Requirements in Contracts

## *IRIC Principles*

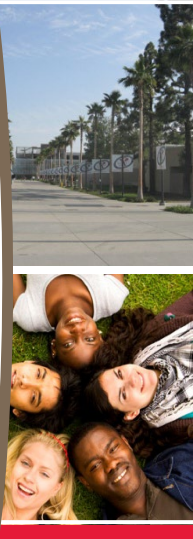
May 23, 2019

CSU Fullerton



# Today's Topics

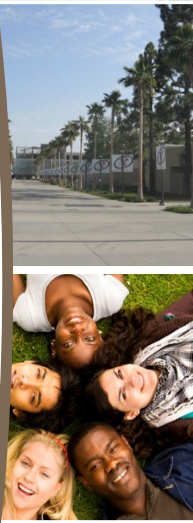
1. Indemnification
2. Insurance Requirements
3. Verification of Coverage
4. Document Retention
5. Claims
6. Additional Resources
7. Conclusion & Questions



# IRIC Manual History

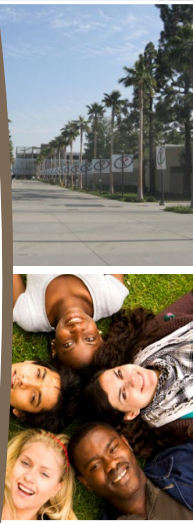


- Stems from work by public entity risk managers and consultants since the 1970's.
- Relied upon by hundreds of public entities.
- Regular updates responding to new issues.
- Customized for CSU campuses and auxiliary organizations since 2008.



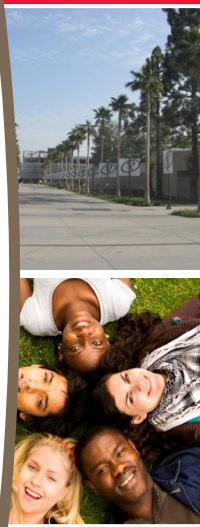
# IRIC 2018 - updates

- **General Editing, Updates, and Clarifications/Corrections**
  - ✓ Updated all Exhibits for uniformity, as possible.
  - ✓ Updated A.M. Best, Standard & Poor's Ratings.
  - ✓ California Civil Code §2782 update as of 1/1/18 regarding professional service contracts indemnification.
  - ✓ Additional ISO Professional Liability Policy analysis.
  - ✓ Design/Build Contracts analysis per CA Civil Code §2782.9 update.
  - ✓ Cyber Risks analysis as related to and expanded from common cyber/technology liability insurance policies.
  - ✓ Included Jones Act discussion in chapter on Marine Related Risks.
  - ✓ Replaced outdated MCS-90: Motor Carrier Public Liability sample form with current version.



# IRIC 2018 - updates

- **Appendix C: Hold Harmless Agreements**
  - Comprehensive update of amended subsections 2782.8, 2782.9
  - Explanation of **“Wrap-Up”** insurance policy as defined in California Insurance Code 11751.82(b) and referenced in 2782.9
    - A policy written to cover all risks associated with a work of improvement.
  
- **Sample Hold Harmless language for a public entity**
  - Sample focused on contracts entered into with Design Professionals concerning the Contractor's negligence, recklessness or willful misconduct.



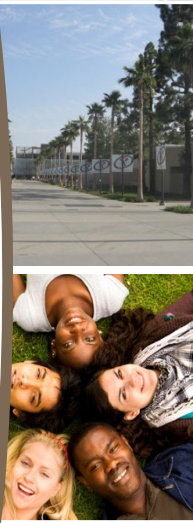
# IRIC 2019 - updates – (v.2019.0)

- ✓ Updates in California Law regarding indemnity of design professionals and Owner Controlled Insurance Programs
- ✓ Drones coverage updates as regulations evolve
- ✓ Carnival Rides
- ✓ Food Trucks/Farmers Markets
- ✓ Political Protests/Rallies/Signage
- ✓ Traffic Safety Plan



# New Additions to IRIC

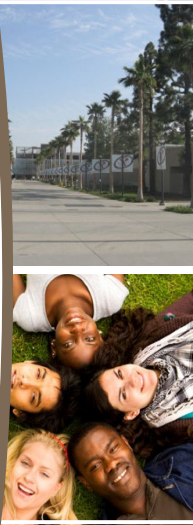
- **Railroad Protective Liability – New: Chapter 3**
  - Summary of coverage protecting railroad companies from liability for work done on/near railroad owned property.
  - Highlights include coverages, physical damage, and for whom coverage is necessary.
  - Synopsis and inclusion of applicable ISO forms.
- **CSU Special Events Resource Guide – New: Chapter 7**
  - New manual Alliant and CSU are working on to guide you through every facet of an event, including post-event analysis to help improve the event for its next occurrence.
  - Outlines and explanations for any type of on or off campus event sponsored by CSU: prep, during, after event discussions, reminders and tips.



# New Additions to IRIC

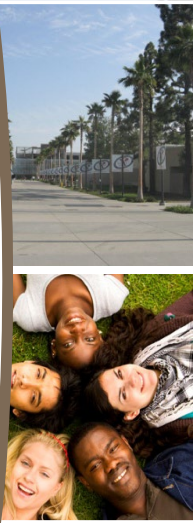
- **Traffic Safety – New: Chapter 7**

- Require a Traffic Safety Plan for parades, craft fairs, farmers markets, etc.
- The Traffic Safety Plan should be approved by a qualified engineer, delegated such authority by the CSU
- Provides design immunity if a claim alleges unsafe or ineffective traffic safety precautions.
- California Manual on Uniform Traffic Control Devices:
  - <http://www.dot.ca.gov/trafficcops/tcd/workzones.html>



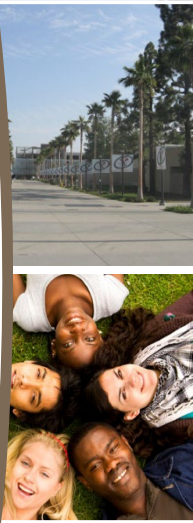
# New Additions to IRIC

- **Political Protests/Rallies/Signage – New: Chapter 7**
  - Subject to permitting and insurance requirements
  - Difference between Public Forum, Designated Public Forum, and Nonpublic Forum & standard of scrutiny the speech-restriction is subjected to
  - Government cannot prohibit rallies on public sidewalks/parks/plazas
  - May not be able to restrict small demonstrations that do not present serious safety or competing use concerns
  - Be sure to check with legal counsel and local ordinances as to the speech restrictions of your chosen area
  - ACLU: <http://www.aclunc.org/our-work/know-your-rights/free-speech-protests-demonstrations>



# New Additions to IRIC

- **Carnival Rides – New: Chapter 7**
  - Guidelines set by OSHA
  - Mandatory Inspections:
    - Prior to ride being operational
    - At least once per year
    - Whenever a ride is assembled/disassembled
    - Reporting required for any accident resulting in greater treatment than ordinary First Aid
  - Comprehensive coverage for carnival itself



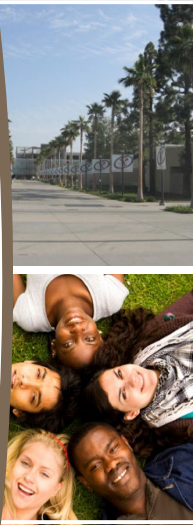
# New Additions to IRIC

- **Food Trucks/Farmers Markets – New: Chapter 7**
  - General Liability & Workers' Comp
  - Auto Liability & APD – Food TRUCKS are driven!
  - Vendor & Host Coverage
  - Common Injuries:
    - High frequency, low severity
    - Slip & Falls, illness from food, equipment theft/damage



# Poll

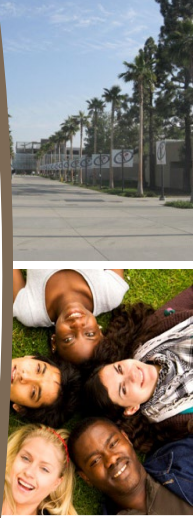
- When reviewing an agreement, it's important to:
  - A. Verify and negotiate types and limits of insurance.
  - B. Address indemnity verbiage first.
  - C. Analyze termination clause.
  - D. Address the font.



# Hidden (*and Uninsured*) Costs of Accidents

- **Time Lost** from work by injured.
- **Lost Time** by fellow workers.
- **Loss of Efficiency** due to breakup of crew.
- **Lost Time** of supervision.

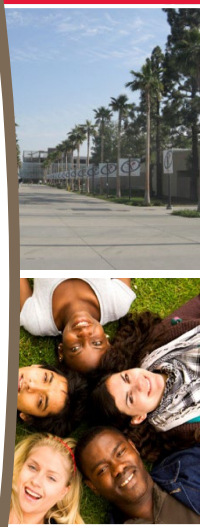
- **Decreased Output** of injured worker on return.
- **Cost to Hire** replacement employee.
- **Cost of Training** and/or break-in of new employee.



# Hidden (and Uninsured) Costs of Accidents



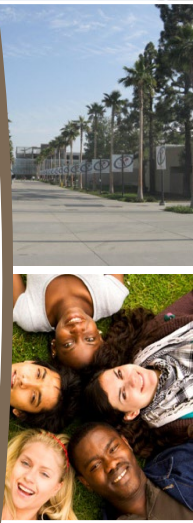
- **Overtime** paid to remaining employees.
- **Clerical time.**
- **Building or Facility damage.**
- **Tools/equipment damage.**
- **Production and/or Schedule Delays**, liquidated damages potential.



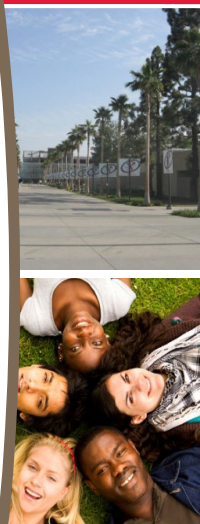
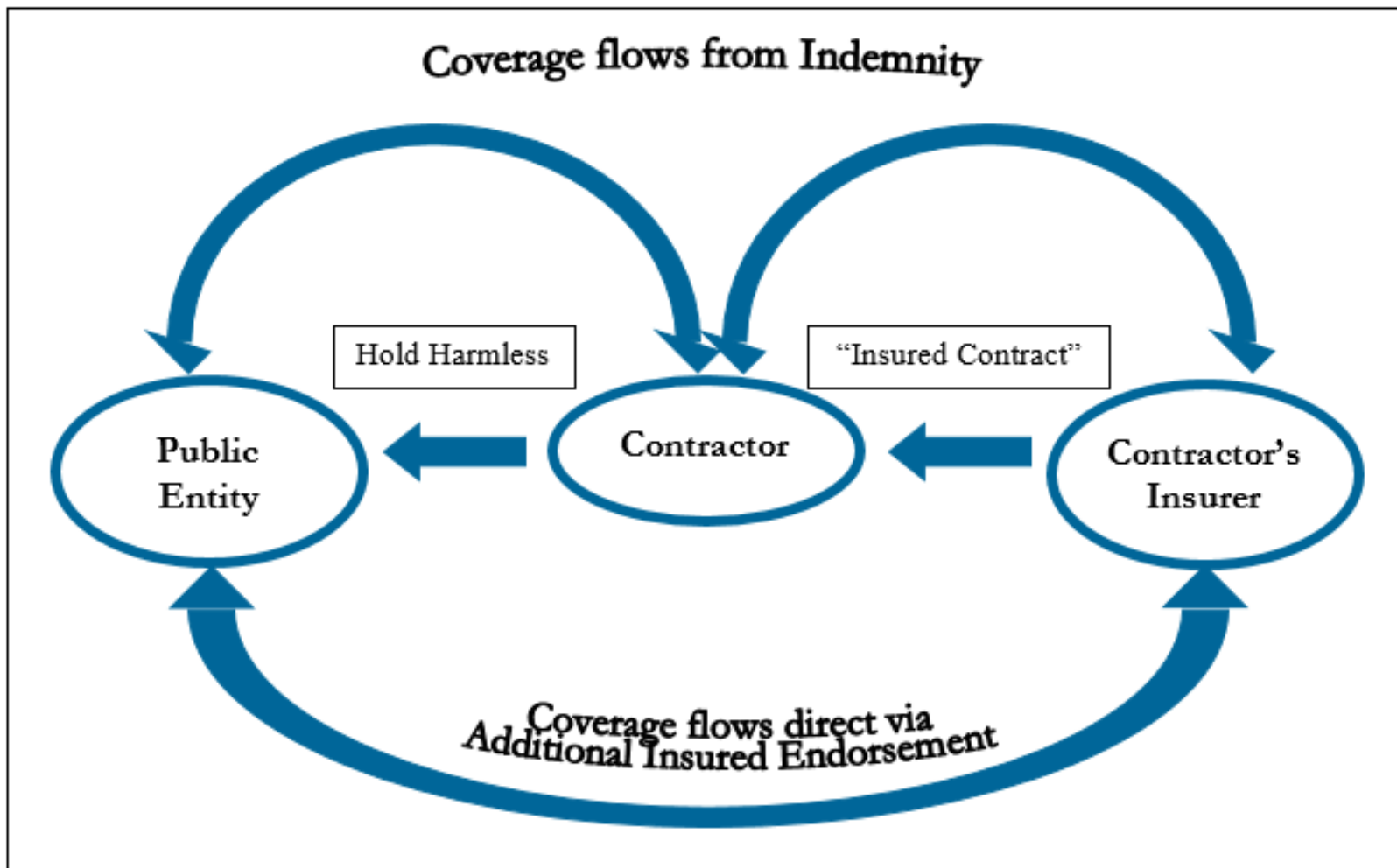
*From International Risk Management Institute, Inc.*

# Indemnification – *How Does it Work?*

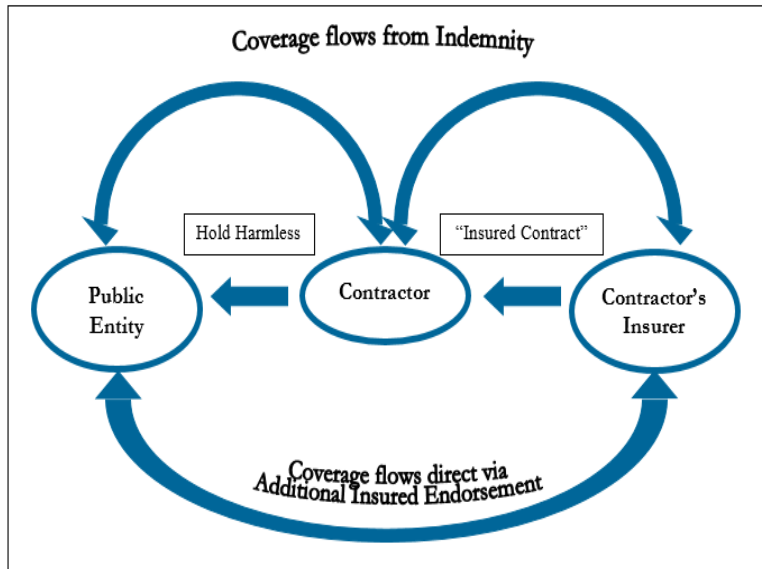
- **Insurance language flows from** agreements made in indemnification.
- **Insurance is the "collateral" for the indemnification.** Ensures that there are funds available to **back up most** of the indemnity provisions.
- **Start with negotiating CSU's preferred indemnity language**, then move on to the insurance to support the indemnity.



# Hold Harmless vs. Additional Insured



# Hold Harmless vs. Additional Insured



# Three Main Types of Indemnification

## 1. Strict “Type I” Indemnification

- Contractor indemnifies entity for all claims costs arising from project except entity’s Sole Negligence or willful misconduct.

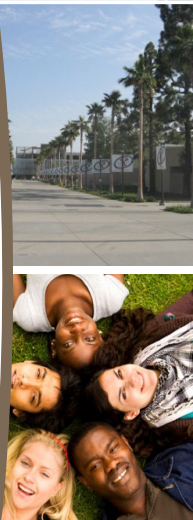
## 2. Intermediate “Type II” Form (*Construction*)

- Contractor indemnifies except for entity’s active negligence or willful misconduct.

## 3. Limited “Type III” Form

- Contractor indemnifies for contractor’s negligence.
- Can be used for cross indemnity, comparative negligence.

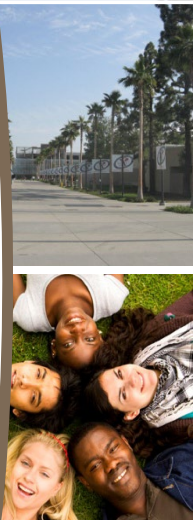
*See OGC requirements.*



# Important Note: Hold Harmless Agreements

- **Attorney's Fees, Litigation Expenses**
- It is important to ***make certain*** that **attorney fees and litigation expenses are assumed by the contractor** in the indemnity and hold harmless section of the contract.
- Failure to do so will result in these expenses not being covered.

Additionally, the **new Commercial General Liability form restricts defense costs** to only those lawsuits involving issues that are covered perils under the contractor's insurance



# Just Say No?

## *Where to Draw the Line*

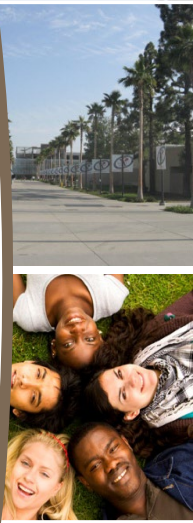
At what point will the Entity be so exposed that the proposed indemnity clause is too risky?

- **Recommendation:** Focus on indemnification before insurance.
- **Recommendation:** Involve your Risk Manager in negotiations that deviate from approved indemnity language.



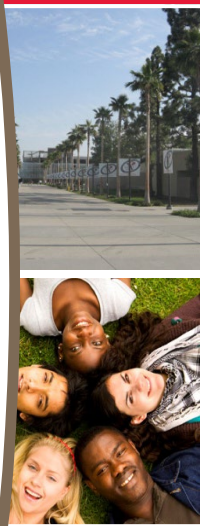
# Impact of SB 474

- **Effective January 1, 2013.**
- **Limits the Public Entity owners to a Type II indemnity by construction contractors** – no indemnity for PE's active negligence or willful misconduct.
- **Limits general contractors to a Type II indemnity** by sub-contractors.
- **SB 474 prohibits shifting the risk** via Type I indemnity agreements.



# Additional Insured Endorsement

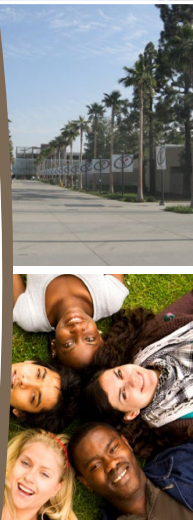
- **Preferred insurer endorsement:** Insurance Services Office (ISO) Form No. **CG 20 10 11 85**, covering damages arising from “your work”.
  - 11 85 = edition date (*November 1985*).
  - **Covers both “Products and Completed Operations”** - “your work” as well as your “ongoing operations” with potential to cover your sole negligence as well.
  
- **Newer forms** may have to be accepted:
  - CG 20 10 10 01
  - CG 20 10 07 04
  - CG 20 10 04 13



# Additional Insured Endorsement

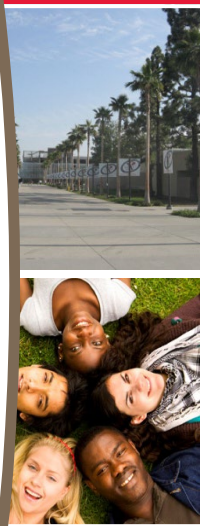
***Newer endorsements forms that are acceptable, if CG 20 10 11 85 not available:***

- **CG 2010 10 01** = “ongoing operations”
- **CG 2037 10 01** = “your work” = “products–completed operations hazard”
- **Need both** to get the same coverage as CG 2010 11 85 form.
- **07 04** and **04 13** editions of the above forms eliminate coverage for your sole negligence.



# ISO 04 13 Changes - *Impact to Additional Insured Endorsement*

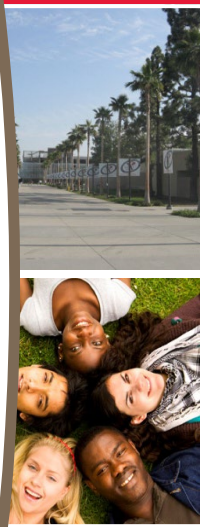
- Provides **Additional Insured coverage only for contractor's negligence.**
- **Sets up potential for conflict of interest** between Named Insured and Additional Insureds:
  - Insurer will want to show the Named Insured is **0%** at fault, to eliminate coverage for the Additional Insureds.
  - Additional Insured will want to show the Named Insured is **at least 1%** at fault to trigger coverage.
  - Conflict could erode the available limits by paying for Additional Insured defense due to changes in "*Insured Contract*" definition.



# ISO 04 13 changes

## Impact to AI Endorsement (cont.)

- Limits contractual liability coverage to vicarious liability of the indemnitee.
- Only provides coverage to the amount of insurance requested.
  - *We have added suggested language to the manual that should be reviewed with Campus Counsel.*
- **CG 20 38 04 13** is a benefit for handling **Additional Insured with subcontractors** where there is a written requirement for subs to indemnify the owner.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**SCHEDULE**

Name Of Additional Insured Person(s) Or Organization(s)	Location(s) Of Covered Operations

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B.** With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. 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 location of the covered operations has been completed; or
2. 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 contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or

2. Available under the applicable Limits of Insurance shown in the Declarations; whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**SCHEDULE**

Name Of Additional Insured Person(s) Or Organization(s)	Location And Description Of Completed Operations

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the Schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B.** With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

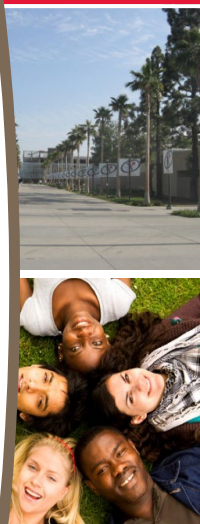
1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

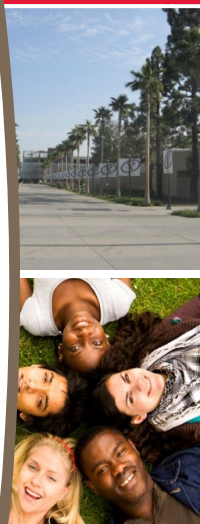
# Additional Insured Endorsement Comparison

CG 20 10 ED 07 04	CG 20 10 ED 04 13	Comments
<p>B. Section II. Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:</p> <ol style="list-style-type: none"> <li>1. Your acts or omissions; or</li> <li>2. The acts or omissions of those acting on your behalf;</li> </ol> <p>in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.</p>	<p>C. Section II However:</p> <ol style="list-style-type: none"> <li>1. The insurance afforded to such additional insured only applies to the extent permitted by law; and</li> <li>2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.</li> </ol>	<ol style="list-style-type: none"> <li>1. Restricts coverage to that required by contract, to the extent permissible by law</li> <li>2. Restricts limits of liability to those specified in the contract</li> </ol>
<p>B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:</p> <p>This insurance does not apply to "bodily injury" or "property damage" occurring after:</p> <ol style="list-style-type: none"> <li>1. 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 location of the covered operations has been completed; or</li> <li>2. 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 contractor or subcontractor engaged in performing operations for a principal as a part of the same project.</li> </ol>	<p>C. With respect to the insurance afforded to these additional insureds, the following is added to</p> <p>Section III – Limits Of Insurance:</p> <p>If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:</p> <ol style="list-style-type: none"> <li>1. Required by the contract or agreement; or</li> <li>2. Available under the applicable Limits of Insurance shown in the Declarations; whichever is less.</li> </ol> <p>This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.</p>	



# Additional Insured Endorsement Comparison (cont.)

CG 20 37 ED 07 04	CG 20 37 ED 04 13	Comments
<p>Section II. Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".</p>	<p>However:</p> <ol style="list-style-type: none"> <li>1. The insurance afforded to such additional insured only applies to the extent permitted by law; and</li> <li>2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.</li> </ol> <p>B. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance:</p> <p>If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:</p> <ol style="list-style-type: none"> <li>1. Required by the contract or agreement; or</li> <li>2. Available under the applicable Limits of Insurance shown in the Declarations; whichever is less.</li> </ol> <p>This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.</p>	<ol style="list-style-type: none"> <li>1. Restricts coverage to that required by contract, to the extent permissible by law</li> <li>2. Restricts limits of liability to those specified in the contract</li> </ol>



# Proprietary Additional Insured Endorsements

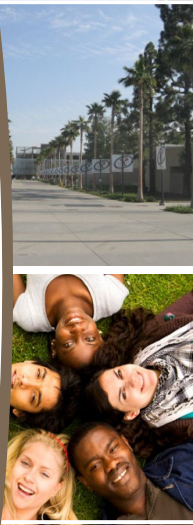
**Be wary of Non-ISO or Carrier-specific endorsements.**

- **Can contain limitations**, such as
  - Amended “duties in the event of occurrence, claim or suit” condition.



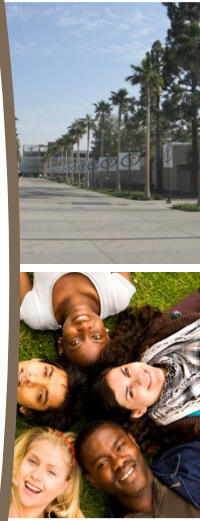
# Quiz

- **If I can't get an ISO 2010 11 85, what should I get?**
  - A. 2010 04 13.**
  - B. 2037 04 13.**
  - C. All of the above.**
  - D. None of the above.**



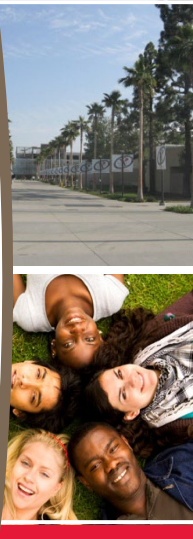
# What is “Claims-Made”?

	Claims Made	Occurrence
Limits	Coverage will respond to incidents arising on or after the policy retroactive date and <b>which are reported during the term of the policy.</b>	Coverage will respond to incidents arising from the coverage period - regardless of when those claims are reported.
Prior Acts or Retroactive Coverage	Policy may be endorsed to respond to incidents which occurred before the policy start date. also referred to as policy retroactive date.	<b>No prior acts coverage is needed</b>
Extended Reporting or Tail Coverage	Tail coverage responds to cover incidents that have not been reported to the company during the policy term. Some companies will offer a free tail for 30 days, at retirement, subject to certain conditions. Others charge up to 100% of premium.	<b>No tail coverage is needed</b> because incidents that occurred during the policy period are covered no matter how much later they are reported.



# What are the Solutions?

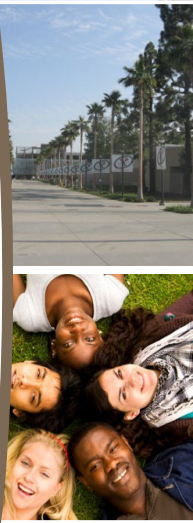
- **Review and redraft standard insurance conditions** for all agreements.
- **Separate indemnity language** for construction agreements.
- **Consider Owner's Protective Professional Indemnity (OPPI)** coverage.
  - Sits excess of other coverage just for owner.
- **Consider OCIP or ROCIP**
  - New programs can handle smaller projects.



# Insurance Requirements

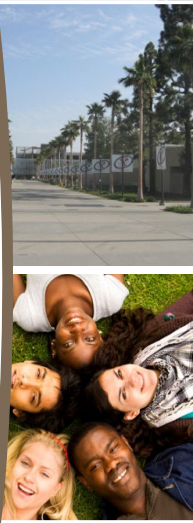
## *Drafting to Fit the Need*

- **Evaluate the Risk:**
  - **Who** could be harmed? Visitors attracted?
  - **What** are the activities and maximum likely loss?  
Dangerous? Crowds? Pollution? Alcohol?
  - **Where** - On vs. off-campus? Site control?
  - **When** - Night? During sporting events?
  - **How** likely would the Entity be a defendant if there is a loss?



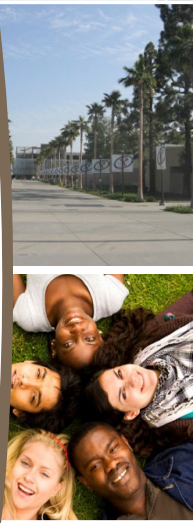
# The Risk Management Process

1. **Identify** the exposures.
2. **Analyze** the exposures.
3. **Consider** feasibility of alternative techniques to treat the exposures:
  - Prevention/Reduction
  - Retention
  - Risk Financing
  - Avoidance
  - Transfer
4. **Select** the best technique.
5. **Implement** the selected technique.
6. **Monitor** results and change as needed.



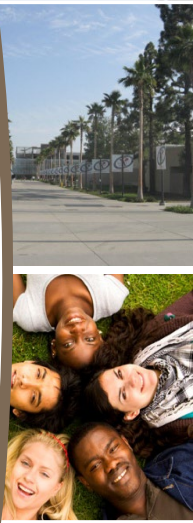
# The Basics

- Avoid terms that do not have meaning in the insurance industry.
- Request coverage on an **“Occurrence”** *basis*, except professional liability or pollution liability can be *“claims-made.”*
- Describe maximum deductibles or self insured retentions.
- Require the addition of CSU and/or Auxiliary Organization as an **Additional Insured** by endorsement to all policies except workers' compensation and professional liability.



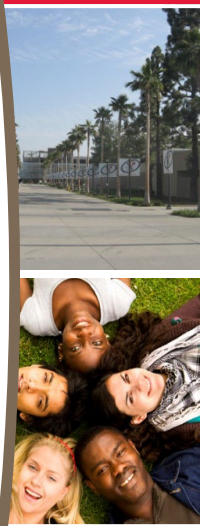
# The Basics (cont'd)

- Require the **other party's insurance be Primary.**
- Require **Notice of Cancellation.**
- Require an **Aggregate limit higher than the per Occurrence limit** (*note TULIP program has 1x agg.*)
- Specify that insurance be placed with insurers that meet a **A.M. Best** rating of **A-,VII** (*minimum*).
  - Is the carrier strong enough to back the insurance contract that is backing the indemnification language?
    - **Management Rating** = *the Letters*
    - **Financial Size Category** = *the Roman Numerals*
  - A **“cut-through”** endorsement to a higher-rated reinsurer may be used to solve a low-rated carrier problem. Refer to the *Office of Systemwide Risk Management* for review.



# The Basics (cont'd)

- **Require that the Contractor's insurer waive subrogation against CSU and/or Auxiliary Organization.**
  - **Subrogation** is the requirement that the insured transfer rights of recovery to the insurer; i.e., insurer pays claim for property damage, seeks recovery from third party – You don't not want to be that third party!
  - If necessary, only waive Entity's right to subrogation on property, and even that creates significant exposure.
    - Example claim: The vending machine

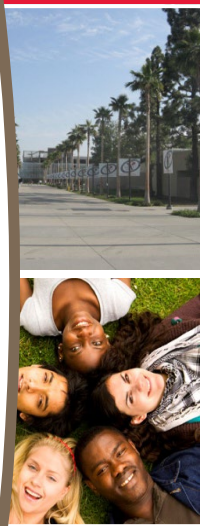


# Insurer Ratings – Will they be there to pay the claim?

- **Two Main Insurer Rating Agencies:**
  - Standard & Poor's
  - A.M. Best

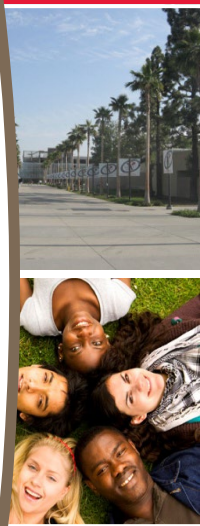
Best's Ratings		Standard and Poor's	
A++, A+	Superior	AAA	Superior
A, <i>A-</i>	<i>Excellent</i>	<i>AA +/-</i>	<i>Excellent</i>
B++, B+	Good	A +/-	Good
B, B-	Fair	BBB +/-	Fair
C++, C+	Marginal	BB +/-	Needs Improvement
C, C-	Weak	B +/-	Barely Acceptable
D	Poor	CCC +/-	Poor
		CC +/-	Exceptionally Poor
		R	Failing

+/- These signs following the letter rating indicate the relative position within the class.  
*Italics represent minimum recommended.*



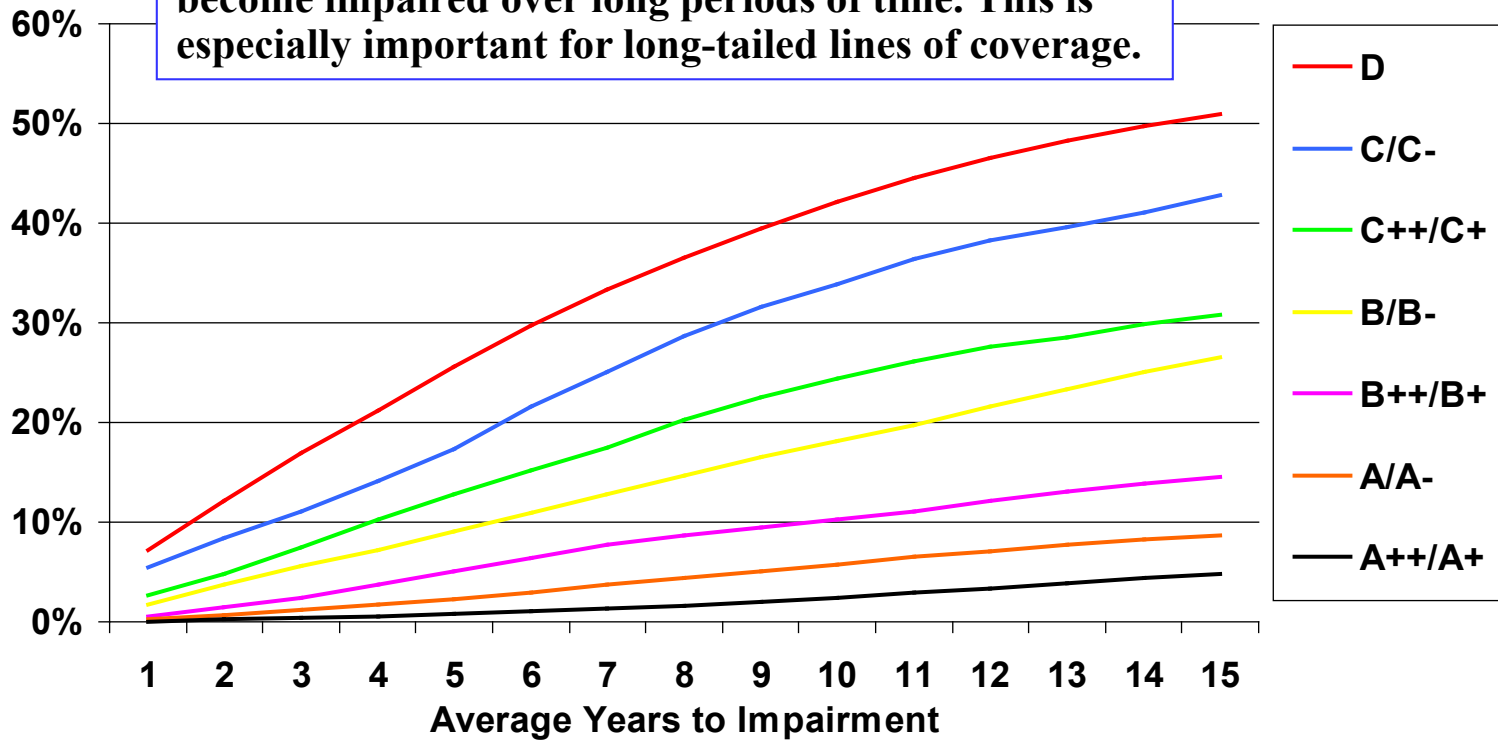
# Best's Financial Size Category (FSC)

- Reported Capital, Surplus and Conditional Reserve Funds *(in Millions)*
  - **FSC XV**      **Greater than \$2,000**
  - **FSC XIV**     **\$1,500 to \$2,000**
  - **FSC XIII**    **\$1,250 to \$1,500**
  - **FSC XII**     **\$1,000 to \$1,250**
  - **FSC XI**      **\$750 to \$1,000**
  - **FSC X**       **\$500 to \$750**
  - **FSC IX**      **\$250 to \$500**
  - **FSC VIII**    **\$100 to \$250**
  - **FSC VII**     ***\$50 to \$100 Minimum Recommended***



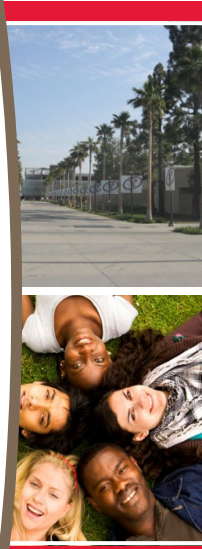
# Cumulative Average Impairment Rates by Best Financial Strength Rating\*

Insurers with strong ratings are far less likely to become impaired over long periods of time. This is especially important for long-tailed lines of coverage.



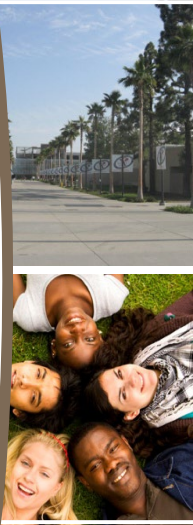
\*US P/C and L/H companies, 1977-2014

Sources: A.M. Best: *Best's Impairment Rate and Rating Transition Study—1977-2014*, August 21, 2015



# How Much Coverage is Enough?

- **Guidelines Matrix**
  - High, Moderate, Low
- **Tort Costs:** +8.7% average annual increase since 1951!  
(Towers Watson's US Tort Costs: 2011 Update)
  - \$1 Million (1986) is over \$4 Million** today, based on COLA.
  - \$1 Million (1986) is over \$9 Million** today, based on tort inflation.
- **Jury Verdicts** continue to rise
  - ([www.iii.org](http://www.iii.org))
- **Analyze the Exposure**
- **Maximum Possible Loss vs. Maximum Probable Loss**



# Rating Alternative Risk Transfer Vehicles

Many organizations are moving to **Alternative Risk Transfer financing vehicles (ART)**.

- **Self Insurance:**

- **Workers' Compensation** – *regulated stand alone, and Self Insured Groups*
- **Liability** – *not regulated*
  - High self-insured retention (SIR)
  - Risk Retention Groups
  - Captive insurance company

- **How does one evaluate ART vehicles?**

# Bid Situations

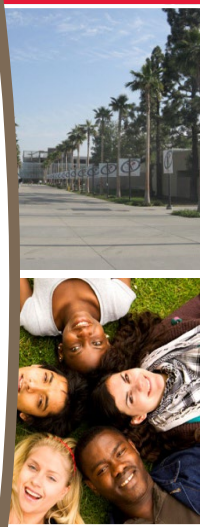
- Would you decline a bid not meeting the minimum requirements?
- Draft RFBs with wiggle room to allow you to accept the best bid in light of all the facts and circumstances.

# When CSU is the Contractor

## Role Reversal

- **Can the CSU or Auxiliary Organizations comply** with the Insurance Requirements?
  - CSURMA's programs may have significant elements of self-insurance and pooling that is not traditional insurance.
  - Pools issue "certificates of coverage" not "certificates of insurance"

**The CSU and Auxiliary Organizations should include language that allow for self-insurance and/or pool participation.**



# Verification of Coverage

## Having a Process.

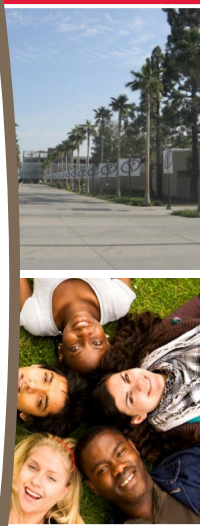
- What is your threshold for obtaining certificates vs. policies vs. endorsements?
- How do you determine the appropriate coverages and limits?
- How do you determine and respond to non-compliance?
- Will the job be delayed or halted?
- Leverage after commencement?

## Using the Process.

- **HDIKT** – “How Do I Know That?” Have an audit trail documenting compliance.

## Get Involved Early.

- Sample Certificate
- Sample Checklist



# Sample Certificate



INTEGRATED INSURANCE & FINANCIAL SERVICES

## Certificate of Liability Insurance (Annotated Form)

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

### CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS IS NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES RITIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED OR PRODUCER, AND THE CERTIFICATE HOLDER.

certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. IF SUBROGATION IS WAIVED, subject to itions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the lieu of such endorsement(s).

<p><b>PRODUCER</b></p> <p>This block identifies the Agent or Broker. <b>1</b></p>	<p><b>CONTACT</b></p> <p>NAME: _____ FAX: _____                  PHONE (AG, Re, Ext): _____ (AG, HW)                  EMAIL ADDRESS: _____                  ADDRESS: _____</p>
<p><b>INSURED</b></p> <p>The insured is your entity's contractor or lessee. <b>4</b></p>	<p><b>INSURER(S) AFFORDING COVERAGE</b></p> <p>INSURER A: _____ NAIC # _____                  INSURER B: <b>3</b> _____                  INSURER C: _____                  INSURER D: _____                  INSURER E: _____                  INSURER F: _____</p> <p>The insurer will be identified here. The insurer letter appears again near the left margin at "3" to show which insurer provides which coverage.</p>

**CERTIFICATE NUMBER:** \_\_\_\_\_

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE 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. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE OF INSURANCE	INSR. WORD	NUMBER	POLICY EFF. DATE (MM/DD/YYYY)	POLICY EXP. DATE (MM/DD/YYYY)	LIMITS
<b>GENERAL LIABILITY</b>	COMMERCIAL GENERAL LIABILITY	<b>3</b>			PER OCCURRENCE \$
	CLAIMS-MADE <input type="checkbox"/> OCCUR <input type="checkbox"/>				PER ANNUAL \$
<p>GEN'L AGGREGATE LIMIT APPLIES PER POLICY <input type="checkbox"/> PROJ. <input type="checkbox"/> LOC <input type="checkbox"/></p>					
<b>AUTOMOBILE LIABILITY</b>	ANY AUTO	<b>6</b>			PER OCCURRENCE \$
	ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRIED AUTOS <input type="checkbox"/> LEASED/RENTED AUTOS <input type="checkbox"/>				PER ANNUAL \$
<p>UMBRILLA LIMB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/></p> <p>EXCESS LIMB <input type="checkbox"/> RETROACTIVE <input type="checkbox"/></p>					
<p><b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b></p> <p>ANY PROJECTORS/IN THE EXECUTIVE OFFICE/OWNER/LESSEE? <input type="checkbox"/> (MANDATORY IN HI)</p> <p>FAVORABLE RISK DESCRIPTION OF OPERATIONS/USE: _____</p>					
					PER OCCURRENCE \$
					PER ANNUAL \$
					PER OCCURRENCE \$
					PER ANNUAL \$
					PER OCCURRENCE \$
					PER ANNUAL \$
					PER OCCURRENCE \$
					PER ANNUAL \$
					PER OCCURRENCE \$
					PER ANNUAL \$

This notice again states that the policy supersedes the certificate form.

These sections show the type of coverage provided through the agent or broker identified in "1" above. If the insured uses more than one broker, this certificate will not identify all existing.

These two columns show inception and expiration dates for policies identified. Pay special attention that coverage does not expire before or during your project or lease.

This column identifies 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 your coverage.

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

<p><b>CERTIFICATE HOLDER</b></p> <p><b>10</b> Certificate holder is your entity.</p>	<p><b>CANCELLATION</b></p> <p>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.</p> <p>AUTHORIZED REPRESENTATIVE <b>12</b></p> <p>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.</p>
--	--

ACORD 25 (2010/05)      © 2010 Alliant Insurance Company of America. All rights reserved.

# Sample Checklist



INTEGRATED INSURANCE & FINANCIAL SERVICES

## Contract Review Checklist

### HOLD HARMLESS / INDEMNIFICATION REVIEW

1. Contract Date/Parties:
2. Party(ies) Accepting Risk:
3. Type of Risk Accepted  Negligence  Other
4. Breadth of Risk Accepted  Own  Joint  Sole
5. Nature of Damage/Injury Accepted:  Direct  Consequential
- Property Damage:  Our property  Other party's property  Property of third persons
- Bodily injury/personal injury:  Our employees  Other party's employees  Third party employees

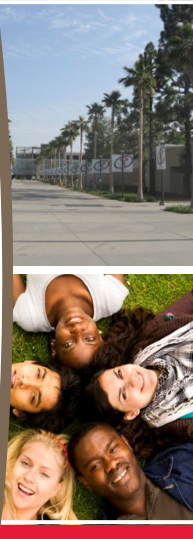
### INSURANCE REVIEW

*No answer means either it is not mentioned in the contract or it is specifically rejected.*

	Required of you		Required of Other Party	
	YES	NO	YES	NO
1. Liability Insurance				
a. Is it required?				
b. Limits of Liability	\$ _____	\$ _____	\$ _____	\$ _____
c. Special coverages required	_____	_____	_____	_____
d. Occurrence vs. claims made coverage	_____	_____	_____	_____
e. Named as additional insured	_____	_____	_____	_____
f. Cross liability	_____	_____	_____	_____
g. Contractual limits required	_____	_____	_____	_____
h. Cancellation notice	# of days: _____	_____	_____	_____
i. Certificate or other evidence	_____	_____	_____	_____
j. Other: _____	_____	_____	_____	_____
2. Workers' Compensation	YES	NO	YES	NO
a. Is it required?	_____	_____	_____	_____
b. Contractor's employee / borrowed servants	_____	_____	_____	_____
c. Waiver of subrogation	_____	_____	_____	_____
d. Federal acts	_____	_____	_____	_____
e. All states and employer's stop gap	_____	_____	_____	_____
f. Cancellation notice	# of days: _____	_____	_____	_____
g. Certificate or other evidence	_____	_____	_____	_____
h. Other: _____	_____	_____	_____	_____
3. Property Insurance	YES	NO	YES	NO
a. Is it required?	_____	_____	_____	_____
b. Valuation method required	<input type="checkbox"/> ACV <input type="checkbox"/> RV	<input type="checkbox"/> RV <input type="checkbox"/> ACV	<input type="checkbox"/> ACV <input type="checkbox"/> RV	<input type="checkbox"/> RV <input type="checkbox"/> ACV
c. Additional named insured / additional insured	_____	_____	_____	_____
d. Waiver of subrogation	_____	_____	_____	_____
e. Cancellation notice	# of days: _____	_____	_____	_____
f. Certificate or other evidence	_____	_____	_____	_____
g. Other: _____	_____	_____	_____	_____
4. Automobile Liability Insurance	YES	NO	YES	NO
a. Is it required?	_____	_____	_____	_____
b. Valuation method required	_____	_____	_____	_____
c. Additional named insured / additional insured	_____	_____	_____	_____
d. Waiver of subrogation	_____	_____	_____	_____
e. Cancellation notice	# of days: _____	_____	_____	_____
f. Certificate or other evidence	_____	_____	_____	_____
g. Other: _____	_____	_____	_____	_____

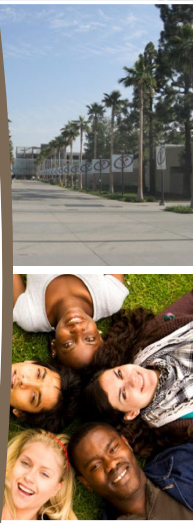
# Document Retention *Policy & Procedure*

- Your **Certificates & Endorsements** are your insurance policy.
- How long does your Campus or Auxiliary keep its own insurance policies?
- Alternative storage methods.



# Claims

- **Responding to Loss Events.**
- **Reporting to Contractor's insurers.**
- **The Subcontractor's Subcontractor.**
  - *Chasing Certificates and Endorsements*
  - *Special Situations (such as Underwater Construction, Asbestos Removal, Blasting)*
  - *The benefit of new ISO 20 38 form*
- **Negotiating Your Coverage.**

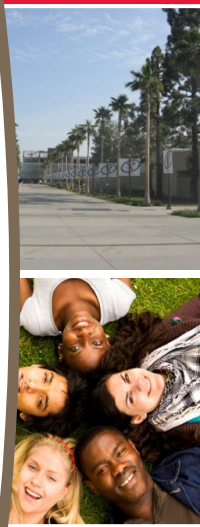


# Resources

- **Peer Groups**
- **Campus Risk Management**
  - Access to their resource pool.
- **Office of Systemwide Risk Management**
  - (562) 951-4580
- **CSURMA Program Administrators**
  - Alliant (415) 403-1400
- **Risk Management Community**
  - Manuals
  - Feedback through Campus Risk Management.
  - Developing a library based on experience.

Odds are, this is not the first time the issue arose –

- *No need to reinvent the wheel!*



# Sources of Knowledge

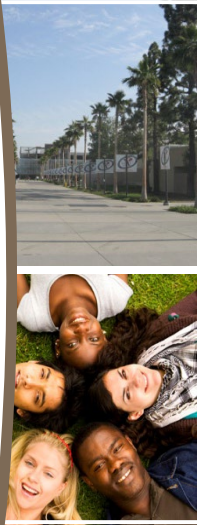


**INSURANCE REQUIREMENTS IN CONTRACTS**  
A PROCEDURE MANUAL

Prepared by:  
**Alliant**  
100 Pine Street, 11<sup>th</sup> Floor  
San Francisco, CA 94111-5101  
Tel: (415) 403-1400 – Fax: (415) 874-4810  
[www.alliant.com](http://www.alliant.com)

VERSION 8.1  
October 2013

See [CSURMA.org](http://CSURMA.org)  
for the latest  
version



# CSURMA Website



- 1. Log into the CSURMA website – [www.CSURMA.org](http://www.CSURMA.org)
- 2. Enter Username, Password
- 3. Click sign in

- > About
- > AORMA Risk Management Toolkit
- > AORMA Coverage Programs
- > Policies & Procedures
- > AORMA Bulletins
- > How to Report a Claim
- > Meeting Calendar
- > AORMA Rosters
- > Contact Us



### AORMA Purpose

Auxiliary Organizations Risk Management Alliance (AORMA) was established to provide group purchase comprehensive business insurance coverages for the CSU's non-profit Auxiliary Organizations. Participation in the programs is voluntary. Coverages provided include liability, workers' compensation, property, crime, unemployment insurance, auto physical damage, participant accident insurance and miscellaneous coverages.

### Announcements

- Check back for important announcements



California State University Risk Management Authority

Authority (CSURMA) is an association of CSU and resources by providing broad coverage and quality risk liable, economical and beneficial manner.

nil  
bruary 15, 2014

Sign Up New User  
New Member Signup

Quick Links  
• 2014-2015 CSU International Programs

## Questions?

**Please contact your Program Administrators:**

**Rob Leong** - Campus Programs  
415-403-1441 [rleong@alliant.com](mailto:rleong@alliant.com)

**Andrew Gaspari** – Program Administrator  
415-403-1412 [agaspari@alliant.com](mailto:agaspari@alliant.com)

**Mimi Long** - AORMA Programs  
415-403-1423 [mlong@alliant.com](mailto:mlong@alliant.com)

**Daniel Howell** - Program Director  
415-403-1426 [dhowell@alliant.com](mailto:dhowell@alliant.com)



**Or, your friendly Systemwide Risk Management professional:**

**Zachary Gifford** - Director, CSU Systemwide Risk Management  
562-951-4568 [zgifford@calstate.edu](mailto:zgifford@calstate.edu)

**Jody Van Leuven** – Assistant Director, CSU Systemwide Risk Management  
562-951-4574 [jvanleuven@calstate.edu](mailto:jvanleuven@calstate.edu)

# Thank You!

This presentation and other resources can be downloaded at:

**[www.csurma.org](http://www.csurma.org)**

