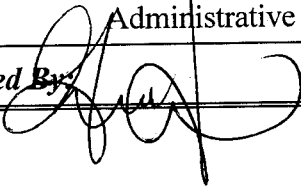




## POLICY AND PROCEDURE

<b>Subject:</b> Certificates of Liability Insurance	<b>Index:</b> Administrative & Policy Management <b>Number:</b> 102-7
<b>Effective Date:</b> December 11, 2007	<b>Prepared By:</b> Finance and Administrative Services
<b>Supersedes:</b> New	<b>Approved By:</b> 

### 1.0 PURPOSE:

To ensure efficient management of the submission, approval and tracking of Certificates of Liability Insurance when evidence of insurance is required by the City for Construction Contracts, Professional Service Agreements, Leases, Permits, Special Events and Other Agreements. A Certificate of Liability Insurance provides the financial evidence that an insured can support an indemnification clause.

### 2.0 ORGANIZATIONS AFFECTED:

All Departments

### 3.0 REFERENCES:

Contractual Risk Transfer for California Public Agencies, CJPIA Fourth Edition 2005  
Contract Administration (102-5)  
Insurance Code Section 384

### 4.0 POLICY:

4.1 Certificates of Liability Insurance shall evidence the types and limits of insurance per the insurance requirements of Construction Contracts, Professional Service Agreements, Leases, Permits, Special Events and Other Agreements.

4.2 The minimum insurance requirements in the templates for standard Construction Contracts and Professional Service Agreements shall not be reduced or removed without the approval of the City Manager or Assistant City Manager.

4.3 Evidence of Commercial General Liability shall be provided per the requirement of the contract, agreement, lease, permit, special event application, or other agreement.

4.4 An endorsement to the Commercial General Liability is required that names the City, its officials, its officers, employees, agents, and volunteers as additional insured and

references the insured's policy number. If applicable, the City Redevelopment Agency shall also be named additional insured or other Agencies as warranted. NOTE: An endorsement is only required to the Commercial General Liability.

4.5 Evidence of Automobile Liability shall be provided per the contract, agreement, lease, permit, special event application, or other agreement. Coverage shall be evidenced as "Any Auto" If not for "Any Auto" then "Scheduled, Hired, and Non-owned" should be evidenced. **Note:** If a Contractor does not own any company vehicles, the requirement may be satisfied by providing (1) a Personal Automobile Liability policy for the Contractor's own vehicle; or (2) a non-owned auto endorsement to the CGL policy if the Contractor may use vehicles of others (e.g., vehicles of employees)

4.6 Evidence of Workers Compensation shall be provided at the statutory limit of one million dollars unless there are no employees.

4.7 Evidence of Professional Liability shall be provided with a limit of no less than one million dollars per claim when such insurance is required in the agreement.

4.8 Proof of current evidence of insurance will be required until the project is complete or the activity is no longer being undertaken.

4.9 Insurance requirements support the City's intention to transfer liability to other parties. However, in some instances, insurance requirements can be waived with the prior approval of the City Manager or the Assistant City Manager. Insurance requirements will never be waived for a Construction Contract. The requirement to evidence Workers Compensation will not be waived.

4.10 The City reserves the right to withhold payment or stop work where evidence of insurance is expired until the time that it is provided.

## **5.0 DEFINITIONS:**

**5.1 Certificate of Liability Insurance:** a document that provides evidence of the type of insurance coverage and the limits. The certificate is informational only and does not amend, extend or alter the coverage afforded by the policy being evidenced.

**5.2 Commercial General Liability Insurance (CGL):** a form of insurance against claims for bodily injury, property damage, personal injury and advertising injury by a third party.

**5.3 Endorsement:** a document added to an insurance policy that modifies the policy in some way

**5.4 Additional Insured:** Individuals or entities in addition to the named insured that are to be insured under a policy: must be added by endorsement.

**5.5 Automobile Liability Insurance:** Provides coverage for claims for bodily injury or property damage arising out of the use, operation, or maintenance of a motor vehicle

**5.6 Non-owned Auto Endorsement:** Coverage provided through an endorsement to the general liability policy for liability arising out of the use, operation or maintenance of autos not owned by the named insured. The endorsement applies when the insured owns no autos and therefore cannot buy an auto liability policy.

**5.7 Workers Compensation Insurance:** Insurance coverage that provides the statutory benefits required for injured employees by the Labor Code.

**5.8 Professional Liability:** Covers professional service providers (i.e. architects, surveyors, engineers, etc.) for liability imposed upon them because of acts, errors, or omissions in the conduct of their profession.

**5.9 Indemnification Clause:** An agreement by which one party agrees to indemnify another by assuming the liability of that person or organization in the event of a claim or suit or other event resulting in monetary or other types of damages or liability.

## **6.0 PROCEDURE:**

6.1 Obtaining the appropriate evidence of insurance, including the endorsement, when required by the City shall be the responsibility of the Project Manager or other designated Department employee.

6.2 Prior to the expiration of any evidence of insurance, it is the responsibility of the Project Manager or designated Department employee to obtain new or renewed current certificates of Liability Insurance and endorsement.

6.3 Certificates of Liability Insurance will be submitted to the Risk Technician with an *Insurance submission cover sheet* for approval and entry into an automated tracking system.

6.4 The Risk Technician will be responsible for approving insurance, updating the automated tracking system, and maintaining on file original Certificates of Liability Insurance.

6.5 An approved Certificate of Liability Insurance and Endorsement that covers all operations of the named insured and the policy periods are current can be used for evidence of more than one agreement so long as the description of operations on the certificate is not listed for a specific project or activity. A new certificate of Liability Insurance and Endorsement are required for each Construction Contract with a public works contract.

6.6 Construction Contracts and Professional Service Agreements should not be submitted to the City Clerk's office until a valid Certificate of Liability Insurance has been received and approved by the Risk Technician.

6.7 Requests to waive Insurance requirements must be submitted to the Risk Technician. The Risk Technician will consult with the City's insurance provider, California JPIA and the final decision will be that of the City Manager or Assistant City Manager.

6.7 Certificates of Liability Insurance required by the Engineering Department for one time issuance of transportation permits and encroachments permits shall be received and approved by Engineering staff.

6.8 Certificates of Liability Insurance required for the use of personal golf carts at the City's Golf Course shall be maintained by Golf Course staff.

## **7.0 AUTOMATED TRACKING PROCEDURE:**

7.1 Approved insurance will be entered into the automated certificate tracking program by the Risk Technician.

7.2 An email notification "*ICE: Warning of Expiring Insurance*" will be sent to the Project Manager or other designated Department employee within 30 days of the expiration date. No response is necessary if insurance is still required. ***If the project is complete or the insurance is no longer needed, the Project Manager or other designated Department employee MUST REPLY and ask that insurance be "deactivated".***

7.3 At 30 days prior to expiration of evidence of insurance, the Risk Technician will generate notice of expiration letters from the insurance tracking system and will mail them to the insured

7.4 If current evidence of insurance is not received from the Insured within 15 days after the expiration date, an email notification *ICE Alert: Expired Insurance (15days after expiration)!* will be sent to the Project Manager or designated Department employee. ***The Project Manager or designated Department employee MUST make the necessary contact with the Insured to have current Certificates of Liability insurance and or Endorsement provided ASAP.***

7.5 If current evidence of insurance is not received within 30 days after the expiration date, an "*ICE: Late List*" will be distributed to the Project Managers or designated Department employees with a copy distributed to the Department Heads.

7.6 Payment of invoices for those Insured listed on "*ICE: Late List*" may be placed on hold until current evidence of insurance is received and approved.

7.7 Certificates of Liability Insurance evidencing Commercial General Liability coverage that are provided for evidence of continuing coverage without a proper endorsement will be updated in the Certificate Tracking program and tracked as **Non Endorsed**.

7.8 The Risk Technician will generate letters from the insurance tracking system to the insured notifying them that their certificate was received but that an endorsement is required and will mail the letters.

7.9 If an approved Endorsement to the Commercial General Liability is not received from the Insured within 15 days from the date of the letter, an email notification "*ICE Alert: Non-Endorsed Certificate*" will be sent to the Project Manager or designated Department employee. ***The Project Manager or designated Department employee MUST make the necessary contact with the Insured to have the Endorsement provided ASAP.***

7.10 If an approved Endorsement to the Commercial General Liability is not received within 30 days from the date of the letter, an *ICE: Non-Endorsed* list will be distributed to the Project Managers or designated Department employees with a copy distributed to the Department Heads.

7.11 Payment of invoices for those Insured listed on the *ICE: Non-Endorsed* list may be placed on hold until an Endorsement to the Commercial General Liability is received and approved.

7.12 City staff will have access to ICE Reports – Certificate Listing in order to check the status of insurance for an Insured at <http://asp/scReports>.

7.13 Approved copies of Certificates of Liability Insurance will be made available at <\\SC\\City Data\\City Hall\\FAS\\Public\\Certificates of Insurance> by request.

***7.14 Obtaining the appropriate evidence of insurance, including the endorsement, when required by the City shall be the responsibility of the Project Manager or other designated Department employee. PLEASE DO NOT IGNORE THESE EMAILS!***