
Memorandum

To: Workshop Participants
From: _____
Date: _____
Re: HOW TO CK CERTIFICATES OF INSURANCE
CC:

The _____ Department is tasked with being a monitor, manager, and custodian of many city contracts, bids and purchase orders. Reviewing certificates of insurance for contract compliance is major part of this task, and a vital practice in assisting Risk Management with claims management.

Please refer to the attached sample Certificate of Insurance (COI), and note the following as general guidelines when reviewing vendor's certificates of insurance for compliance. Each guideline is reflected on the attached sample certificate of insurance by corresponding number:

- 1) As a rule of thumb, the date the certificate of insurance was issued should not be more than 30 days from the date of its request. Check with Risk Management prior to using a COI issued for a prior contract for any new contract or scope of work, especially if in the Description section there is a provision that states the Certificate Holder is added as an Additional Insured automatically by written contract.
 - 2) Occasionally, a contract may require a insurer to be an admitted carrier with a minimum AM Best rating. Unless you have an updated AM Best guide, please contact with Risk Management for a review and approval.
 - 2) The name of the "Insured" should be the name of the entity with whom we are contracting, unless noted in the Description of Operations section explaining the relationship (i.e. ownership) between the insured and the party you are contracting with.
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- 4) The "Commercial General Liability" form generally should typically be provided on an "Occurrence" basis. The "Claims Made" form may be acceptable in certain situations, such as when contracting with Architect and Engineers, pollution contractors, or other professionals. Please consult with Risk Management if you notice "Claims Made" has been indicated and you are not contracting with a professional or pollution risk.
- 5) A "Policy Number" or binder number should be indicated. Keep in mind, binders are only valid for _____ days in the State of _____.
- 6) The "Effective Date" should be no later than the contract date or the first date that the contractor begins to perform work for the City.
- 7) The "Expiration Date" should be monitored to ensure that renewal certificates of insurance are received on a timely basis.
- 8) The Limits of Liability for "Each Occurrence" should be at least as much as required by the contract and should indicate all of the required coverages (IE "Products-Completed Operations"). In the case of a "Claims Made" policy or construction risks, a "General Aggregate" limit higher than the Per Occurrence limit may be required by the contract.
- 9) Usually "Any Auto" coverage is required. In some instances "Scheduled Autos" may be acceptable. If "Any Auto" is not marked, "Hired Autos" and "Non-Owned Autos" should be indicated. If there are no corporate-owned autos, then the "Hired & Non-Owned Auto" may be endorsed to the Commercial General Liability to satisfy this requirement.
- 10) Certain contracts may have a scope of work dealing in "Garage Operations" (IE Repairing, Servicing, Storing or Distributing autos). The insurance industry considers Garage Operation unique and has developed a specific coverage called "Garage Liability". This coverage may satisfy both the Commercial General Liability and Auto Liability requirement. Additionally, "Garagekeepers Liability" may be required....refer to your contract for specific limits. This specialized coverage may often be found typed out in the "Other" or "Description" section of the COI.
- 11) You may notice the limits of liability shown for General Liability and/or Automobile Liability may be less than those required by the contract. If necessary, they may be supplemented with Umbrella Liability, provided the combined limit satisfy the minimum requirement and the City is listed as "Additional Insured" on the Umbrella Policy or the Umbrella policy is noted as "Follow Form" on the certificate.

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- 12) "Workers Compensation" is generally required to comply with _____ Statutes, Chapter _____. Some contracts may require this coverage to be contractually mandatory for scopes of work relating to the construction industry or other increased risks. "Employers Liability" carries basic limits of \$100,000 each accident, \$500,000 Disease-Policy Limit, \$100,000 Disease-Each Employee, but some contracts may require higher limits. Also pay attention to your contract requirements for special endorsements, such as Jones Act and/or U.S. Longshoremens and Harbor Workers Act coverage or the Alternative Employer endorsement. Check with Risk Management when the party you are contracting with are utilizing an Professional Employee Leasing Arrangement to evidence proof of workers' compensation.
- 13) Occasionally, other coverages such as Professional Liability, Builder's Risk, Watercraft Liability, Pollution Liability, Fidelity Bonds.....etc., may be required, and should be indicated in the "Other" section.
- 14) When required by the contract, the City should be shown as "Additional Insured" in the Description of Operations section. This section may also be used to reference the specific project name/number, or other specific contract insurance requirements such as a "Loss Payee" clause or "Waiver of Subrogation" endorsement.....etc. If there is a clause that states the Certificate Holder is automatically an Additional Insured by written contract, be sure your contract includes a provision requiring Additional Insured status.

Some contracts require an Umbrella/Excess Liability coverage with specific limits. Be sure in the "Description" that it is noted that the Umbrella/Excess Liability is provided on a "Pure Follow Form" basis or that the City has been endorsed as an Additional Insured as well to the Umbrella/Excess Liability policy.
- 15) The "Certificate Holder" should be the name and address of the contracting Department/Division who is responsible for monitoring the contract including, preferably, the name of the individual. "Certificate Holder" is not the same as "Additional Insured."
- 16) Here the "30" day endeavor to notice requirement may be indicated. The new Acord 25 (2010/05) form no longer provides a notice provision. Check to make sure the insurance requirements under the Certificate of Insurance provision require the Vendor to notify the City in the event of non-renewal, cancellation or failure to comply.
- 17) The Certificate should be signed by the insurance agent or an insurance company representative. Stamped certificates are generally not be acceptable. If you have any questions concerning a certificate of insurance, please contact Risk Management.