



INSURANCE

LET THE FUN BEGIN



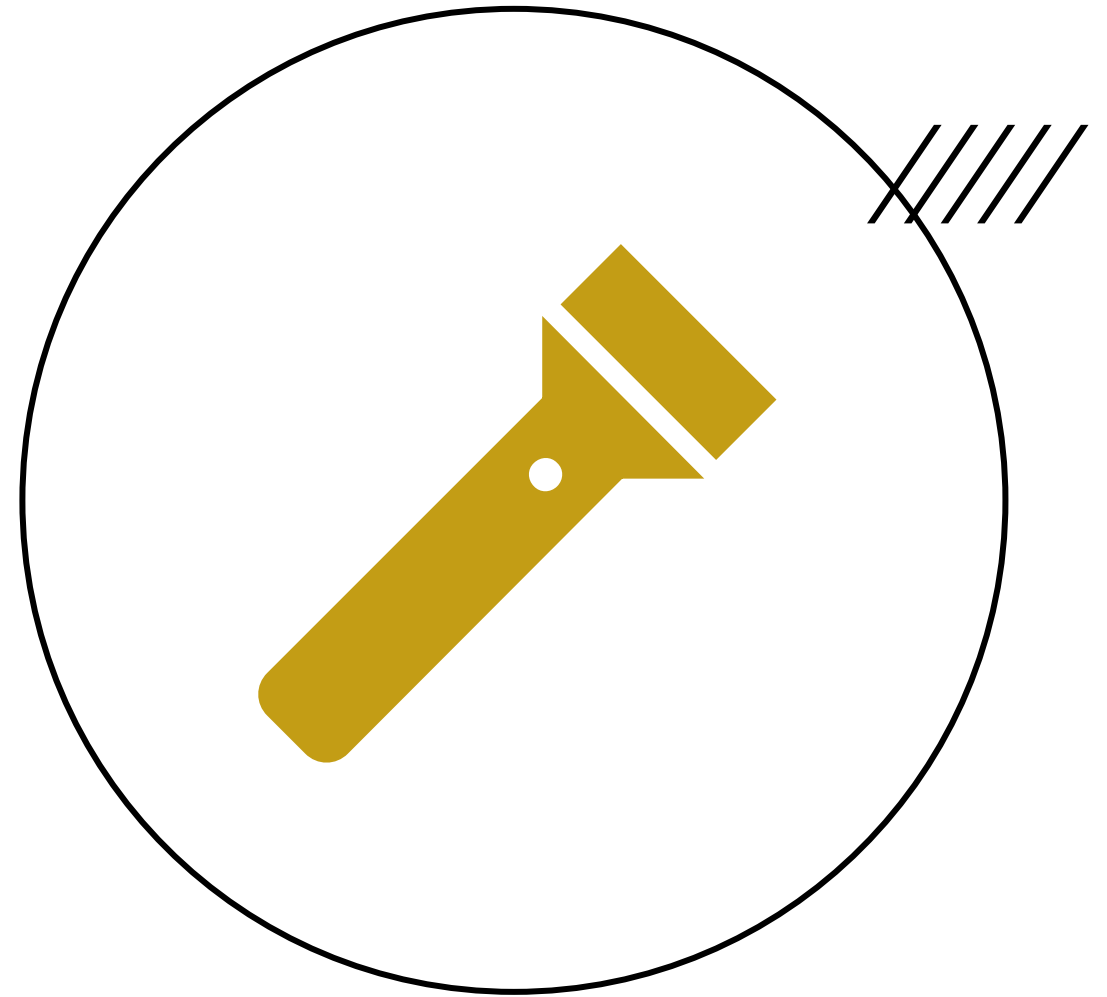
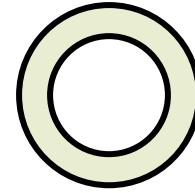
Standard Insurance Requirements						
Agreement Type (Standard)	Commercial General Liability	Automobile Liability	Workers' Compensation & Employer's Liability	Professional Liability	Builders Risk	Other Insurance
Purchase of goods with no services or installation (except IT or software related)						
Purchase of goods that includes services or installation (except IT or software related)	\$1M per incident, \$2M aggregate	\$1M combined single limit	Statutory Amount			Payment/Performance/Maintenance Bonds sometimes*
Services - Trades (plumbing, electrical, janitorial, etc.)	\$1M per incident, \$2M aggregate	\$1M combined single limit	Statutory Amount			Payment/Performance/Maintenance Bonds sometimes*
Professional Services & Consultants (except IT or software related)	\$1M per incident, \$2M aggregate	\$1M combined single limit	Statutory Amount \$1M – Employer's liability	\$1M per incident, \$2M aggregate		
Construction/Public Works	\$1M per incident, \$2M aggregate, \$5M for projects over \$1M	\$1M combined single limit	Statutory Amount \$1M – Employer's liability	\$1M per incident, \$2M aggregate (if applicable)	Limit set at the value of the completed construction project	Payment/Performance/Maintenance Bonds
IT related software with no services or installation						Crime: \$1M per incident; Cyber: \$1M per incident
IT related software, goods and services	\$1M per incident, \$2M aggregate	\$1M combined single limit	Statutory Amount \$1M – Employer's liability	\$1M per incident, \$2M aggregate		Crime: \$1M per incident; Cyber: \$1M per incident
Leases	Consult with City Attorney's office					
Required Endorsements	• Additional Insured • Waiver of Subrogation • Primary and Noncontributory	• Additional Insured • Waiver of Subrogation • Primary and Noncontributory	• Waiver of Subrogation		• Loss Payee	

Note: City Manager's Office may waive any insurance requirements for low cost/low risk contracts

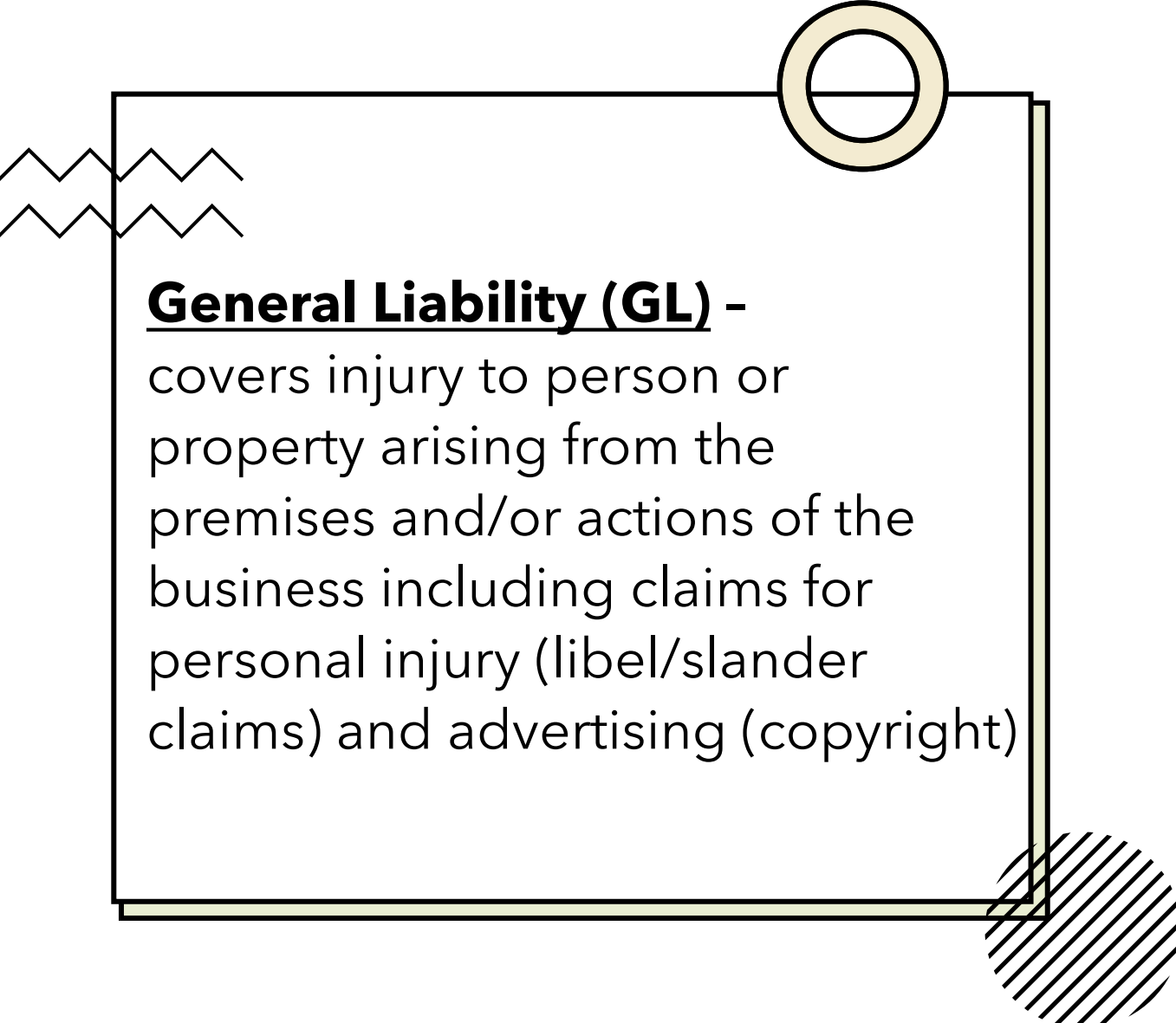
*Required when the contract is over \$50,000 and it includes constructing, altering, or repairing a public building, or carrying out or completing any public work



**SO MANY
WEIRD
WORDS TO
LOOK
FOR...**



Here's what they mean!



General Liability (GL) -

covers injury to person or property arising from the premises and/or actions of the business including claims for personal injury (libel/slander claims) and advertising (copyright)

Automobile Liability (AL) -

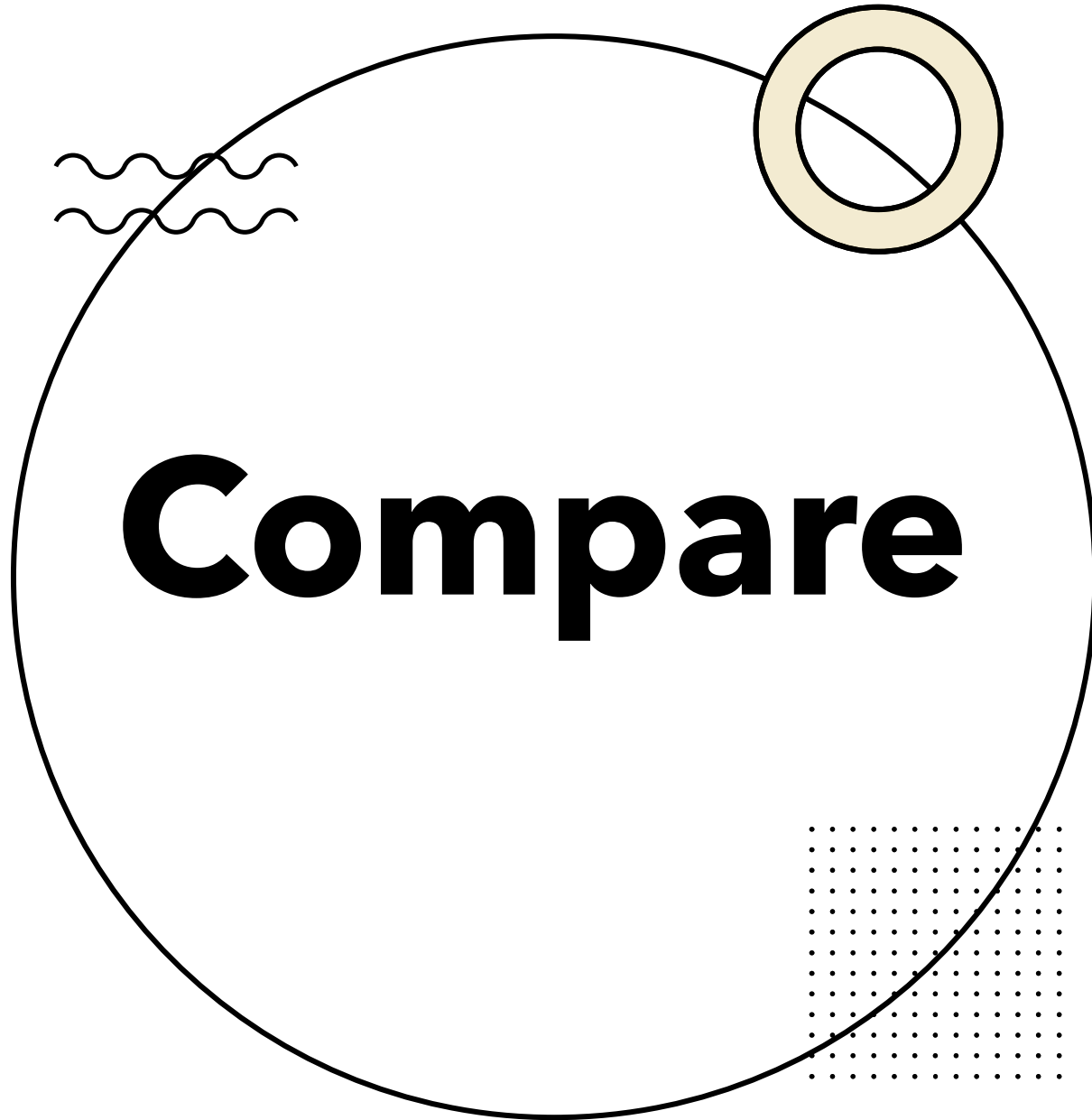
covers injury to person or property arising from auto accidents involving the business

Worker's Compensation (WC) -

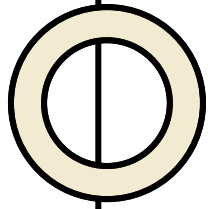
covers injury to the vendor's employee

Professional Liability (PL) -

this is your errors & omissions policy, and the coverage depends on the industry/vendor. Typically covers non-physical injuries arising from a matter involving a vendor's expertise



- Architect is off on calculations for a roof that eventually needs to be redesigned and reconstructed resulting in great expense to the client
 - *Professional Liability (PL)*
- Architect is off on calculations for a roof that eventually collapses injuring someone
 - *General Liability (GL)*



Endorsements

Certificate Holder - City being named by the vendor as the certificate holder is an affirmation by the vendor's insurer that the vendor carries the insurance specified by the COI and accompanying documents

Additional Insured - provides the City with the same coverage the vendor would have under the policy and allows the City to manage the claim as the vendor would

Waiver of Subrogation - prevents insurer from seeking reimbursement from the City

Primary and Noncontributory - Vendor's policy will be the first policy to pay out on a claim and without contribution from the other parties to the contract



Additional Insured: why do we care?

Without add'l insured

Non-employee slips and falls at the work site and submits a claim to the City. City could:

- 1) submit the claim to the vendor, demand that vendor, on its own or through insurer, resolve the issue, and hope that it's resolved by the vendor/vendor's insurer, or
- 2) submit the claim to our insurer to have it resolved

With add'l insured

Non-employee slips and falls at the work site and submits a claim to the City. City could :

- 1) submit the claim to the vendor, demand that vendor, on its own or through insurer, resolve the issue, and follow up with insurer on status of the claim,
- 2) submit the claim directly to vendor's insurer and follow up with vendor's insurer on status of the claim, or
- 3) submit the claim to our insurer to have it resolved



Example: Waiver of Subrogation Primary & Noncontributory

- Vendor's insurer pays out a claim to a citizen because metal pipes came loose while the pipes were being transported and damaged citizen's vehicle. The pipes came loose because they were not properly secured by a City employee before being picked up by vendor.
- Subrogation – under its right of subrogation, insurer would typically have the right to seek reimbursement from the City for losses it incurred due to the claim from the citizen
- Waiver of subrogation shifts the burden onto the insurer (typically by way of a higher premium paid by the vendor)
- Primary and Noncontributory – Vendor maintains a \$1M GL policy that is primary and noncontributory. Vendor and City are equally at fault and the person suffers a catastrophic injury with damages of \$1.5M. Although City's insurance would cover this type of claim, because of the primary/noncontributory endorsement, vendor's insurer would be liable for payment of the first \$1M w/o contribution by the City/City's insurer. Once the \$1M policy is exhausted, though, the City's insurance would kick in.

