



## INSURANCE REQUIREMENTS FOR CITY CONTRACTS

### ***Instructions to Contractors/Vendors/Service Providers:***

Prior to commencing any work, all contractors, vendors and service providers shall procure and maintain, at their own cost and expense for the duration of their contract with the City, appropriate insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work or services. The types of insurance required and the coverage amounts are specified below:

#### A. Minimum Scope of Insurance Required

1. **General Liability Insurance** is required whenever the City is at risk of third-party claims which may arise out of work or presence of a contractor, vendor and service provider on City premises. At a minimum this policy shall:
  - be written on a per occurrence basis; and
  - include products and completed operations liability, independent contractors liability, broad form contractual liability, and cross liability protection.
  
2. **Automobile Liability Insurance** is required only when vehicles are used by a contractor, vendor or service provider in their scope of work or when they are driven off-road on City property. Compliance with California law requiring auto liability insurance is mandatory and cannot be waived. At a minimum this policy shall:
  - be written on a per occurrence basis;
  - include coverage for Bodily Injury and Property Damage, Owned, Non-owned and Hired Vehicles; and
  - include coverage for owned, non-owned, leased and hired vehicles.

If an automobile is not used in connection with the services provided by the contractor, vendor or service provider, a written request to waive this requirement should be made to the City's Risk Manager.

3. **Workers' Compensation and Employer's Liability Insurances** is required for any contractor, vendor or service provider that has any employees at any time during the period of this contract. Contractors with no employees must complete a Request for Waiver of Workers' Compensation Insurance Requirement form available from the City's Risk Manager. At a minimum, this policy shall:
  - provide statutory requirements of the State of California; and

- include \$1,000,000 Employer's Liability.
4. **Errors and Omissions (if applicable)** coverage is required for licensed or other professional contractors doing design, architectural, engineering or other services that warrant such insurance. At a minimum this policy shall:
- cover liability for malpractice or errors and omissions made in the course of rendering professional services.

**B. Minimum Limits of Insurance Coverage Required**

<b>Under \$25,000</b>	<b>Limits TBD by Risk Manager</b>
<b>Over \$25,000 to \$5,000,000</b>	<b>\$1 Million per Occurrence/\$2 Million Aggregate</b>
<b>Over \$5 Million</b>	<b>Limits TBD by Risk Manager</b>

Umbrella excess liability may be used to reach the limits stated above.

Additional insurance requirements may be imposed by the City for services or products that have a higher risk. Refer to the City's Risk Manager for information of the insurance requirements for the following types of services or products:

1. Construction contracts which are awarded or administered through City departments other than the Public Works Department;
2. Medical, excavation, drilling, trenching or shoring services, or services involving explosives or pyrotechnics;
3. Environmental consulting, engineering or related services or operations;
4. Custom manufactured products;
5. Products or services involving firearms, tobacco, alcohol, or controlled substances;
6. Any unusual or high-risk activities, operations or products.

**C. General Standards for Insurance Policies:**

All insurance policies shall meet the following general standards:

1. Insurance carrier is to be placed with duly licensed or approved non-admitted insurers in the State of California.
2. Insurers must have a Best's rating of B+, Class VII or higher (this rating includes those insurers with a minimum policyholder's surplus of \$50 to \$100 million). Exceptions to the Best's rating may be considered when an insurance carrier meets all other standards and can satisfy surplus amounts equivalent to a B+, Class VII rating.
3. Certificate must include evidence of the amount of any deductible or self-insured retention under the policy.

**D. Verification of Insurance Coverage:**

All individuals, contractors, agencies, and organizations conducting business for the City shall provide proof of insurance by submitting one of the following: (1) an approved

General and/or Auto Liability Endorsement Form for the City of Palm Springs; or (2) an acceptable Certificate of Liability Insurance Coverage with an approved Additional Insured Endorsement (see attached) with the following endorsements stated on the certificate:

1. "The City of Palm Springs, its officials, employees and agents are named as an additional insured" ("as it relates to a specific contract" or "for any and all work performed with the City" may be included in this statement).
2. "This insurance is primary and non-contributory over any insurance or self-insurance the City may have" ("as it relates to a specific contract" or "for any and all work performed with the City" may be included in this statement). **See Example A below.**

As an alternative to the non-contributory endorsement, the City will accept a waiver of subrogation endorsement on the General Liability policy. At a minimum, this endorsement shall include the following language:

*"This insurance company agrees to waive all rights of subrogation against the City of Palm Springs, its officers, officials and employees for losses paid under the terms of this policy which arise from the work performed by the named insured for the City."*

3. "The insurance afforded by this policy shall not be cancelled except after thirty days prior written notice by certified mail return receipt requested has been given to the City." Language such as, "endeavor to" mail and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representative" is not acceptable and must be crossed out. **See Example B below.**

The Workers' Compensation and Employers' Liability policies shall contain waiver of subrogation clause in favor of City, its elected officials, officers, employees, agents and volunteers. **See Example C below.**

In addition to the endorsements listed above, the City of Palm Springs shall be named the certificate holder on the policy.

All certificates and endorsements are to be received and approved by the City before work commences. All certificates of insurance must be authorized by a person with authority to bind coverage, whether that is the authorized agent/broker or insurance underwriter. Failure to obtain the required documents prior to the commencement of work shall not waive the contractor's obligation to provide them.

**E. Acceptable Alternatives to Insurance Industry Certificates of Insurance:**

The City will accept either a CG 20 10 10 01 or a CG 20 33 10 01 (or some form specific to a particular insurance company that has similar wording) as long as the form is accompanied by a CG 20 37 10 01. In addition, the City will accept the following:

- A copy of the full insurance policy which contains a thirty (30) days' cancellation notice provision (ten (10) days for non-payment of premium) and additional insured and/or loss-payee status, when appropriate, for the City.

- Binders and Cover Notes are also acceptable as interim evidence for up to 90 days from date of approval

F. Endorsement Language for Insurance Certificates

**Example A:**

THE INSURANCE SHALL BE PRIMARY WITH RESPECT TO THE INSURED SHOWN IN THE SCHEDULE ABOVE, OR IF EXCESS, SHALL STAND IN AN UNBROKEN CHAIN OF COVERAGE EXCESS OF THE NAMED INSURED'S SCHEDULED UNDERLYING PRIMARY COVERAGE. IN EITHER EVENT, ANY OTHER INSURANCE MAINTAINED BY THE INSURED SCHEDULED ABOVE SHALL BE IN EXCESS OF THIS INSURANCE AND SHALL NOT BE CALLED UPON TO CONTRIBUTE WITH IT.

**Example B:**

SHOULD ANY OF THE ABOVE-REFERENCED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS\* WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

*\*The broker/agent can include a qualifier stating "10 days notice for nonpayment of premium."*

**Example C:**

IT IS UNDERSTOOD AND AGREED THAT THE COMPANY WAIVES THE RIGHT OF SUBROGATION AGAINST THE ABOVE ADDITIONAL INSURED (S), BUT ONLY WITH RESPECT TO THE JOB OR PREMISES DESCRIBED IN THE CERTIFICATE ATTACHED HERETO.

- G. Alternative Programs/Self-Insurance. Under certain circumstances, the City may accept risk financing mechanisms such as Risk Retention Groups, Risk Purchasing Groups, off-shore carriers, captive insurance programs and self-insurance programs as verification of insurance coverage. These programs are subject to separate approval once the City has reviewed the relevant audited financial statements and made a determination that the program provides sufficient coverage to meet the City's requirements.

The City has recently joined SPARTA (Service Providers & Artisans Trade Activities Program) to accommodate smaller contractors and service providers who have difficulty in meeting the City's insurance requirements. The SPARTA Program offers a general liability program that provides the \$1 million limit and, upon request, will also provide auto insurance with the \$1 million limit (only in conjunction with the purchase of general liability

insurance). SPARTA is only available during the time your company is under contract with the City.

Insurance is provided on a per project basis and is overseen by the Municipality Insurance Services, Inc. Essex Insurance Company provides coverage and is an A++ rated company. There is a 24-hour response time and coverage is immediate.

A quote may be obtained by calling 1-800-420-0555 or online at [www.2sparta.com](http://www.2sparta.com).

**Type of work covered:**

- A. Personal services contracts;
- B. General contractors and their subcontractors (certain specialty trades excluded);
- C. Consultants; and
- D. Providers of goods.

H. Waiver or Modification of the Insurance Requirements.

Any waiver or modification of the insurance requirements can only be made by the City's Risk Manager or designee at City's discretion. If you do not believe that the insurance requirements apply to you (e.g., you do not have employees and therefore are not subject to the State's workers' compensation insurance requirements; you do not drive an automobile in connection with the services you provide to the City; professional liability or errors and omissions liability insurance is not available for the type of services you are performing, etc.), please submit a written request for waiver or modification of the insurance requirements and the reasons underlying your request to the Risk Manager. All requests for a waiver or modification will be reviewed and a final determination rendered by the Risk Manager.