

Sample COI Training Notes 2021

Please note that we are not attorneys and any recommendations or DRAFT language provided for contracts or agreements are not to be considered legal advice. It is very important to have any such documents reviewed by legal counsel.

Additional Insured; items 1, 3 & 10- policies must be endorsed and the definitions of AI read. If a contract is required to trigger the policy, confirm there is one in place.

Quality carriers; item 2—Depending on the services or contract, you should vet the insurance carrier to make sure they are A rated by a financial accrediting firm. The NAIC# listed near the insurer section can be googled and their rating found.

Oregon Tort Cap Limits for single/multiple bodily injury & property damage; items 3, 4,& 5—Every year the dollar amount for claims brought against Oregon public entities rises and our job is to have the majority of contracts and vendors met or exceed the liability caps set on public entities so that we don't have to rely upon our insurance program to pay for another's liability.

Stacking of limits; items 3, 4, & 5—For many carriers they will allow for the stacking of insurance limits for some types of liability coverages. The most common times we see this is when the primary general and auto liability limits are written with the same carrier for the Excess or Umbrella limit. They can be separate carriers and we would verify that the Umbrella would have the underlying policies listed. The employee benefits liability on your Work Comp policy should be listed too. This would allow the primary then excess limits to be stacked to get to the \$2MM total tort cap limit we would prefer.

General Liability; item 3 limits of a minimum of \$2MM per occurrence. There can be a \$1MM occurrence for the GL and then a second \$1MM with an Umbrella. I've shown this with a \$2MM on the primary AND an \$1MM Umbrella, which is \$3MM per occurrence, but we ask for \$2MM. Completed operations- please make sure where appropriate you ask for and confirm you've received completed and ongoing operations. That covers the work the contractor did in the past. With an occurrence style policy, then the claim would go back to that time period and you can go after that policy.

Auto liability; item 4- Depending on the service or relationship, we would ask for a \$1MM in Auto liability with higher limits for haulers, or heavy equipment. We would also want to see auto physical damage and/or loss of use if any public entity vehicle could be damaged. No non-City drivers can drive a City owned vehicle.

Sexual Molestation; item 3 or 5 –this should be included in the GL limit and noted on the COI per your required limits if they have any programs involving minors under age 18 years.

Liquor Liability; item 3- Depending on the event and if liquor is involved, we would like to see a \$2MM limit there as well. This can be furnished by the host, the caterer or an entity, depending on the event. Then from a risk management stand point, you'll want to confirm they have an OLCC licensed server and that minors are either prohibited or separated from alcohol.

Worker's Comp; item 6- You can verify all OR employers and their WC status and which carrier they are with by completing a search on the Worker's Compensation Division website, wcd.oregon.gov. You can ask for a waiver of subrogation here, and then I would also ask when you can for the Section 2 limit or Employer's Liability limit to be \$1MM, \$500K is acceptable, but \$1MM is better.

Professional liability; item 7—Depending on the vendor/contract relationship you'll want to ask for Professional liability that is commensurate with the exposures. You can also require the vendor purchase a tail or extended reporting period to go on at least 3 or 6 years after the end of the project so that you can go back if there are any errors.

Pollution; item 7 or 8- This liability can take years to materialize which is why we should always ask for it when there is any exposure to fuels, chemicals, damage to a tank, digging or work near waterways or similar. Dealing with the DEQ is extremely costly.

Participant Accident Coverage; item 8 –this is for the participants who are watching or viewing and get injured, so that this does not become a GL medical expense claim to you.

BRISK; item 8—Builders Risk programs cover the property portion of a remodel or new construction build. In the best interest of the public entity the owner of the project, so the City/County should control this policy. There are various types of coverage for liability, property, EarthQuake, Flood, limits for both hard and soft costs and when materials are delivered to the job sight. Please get your agent involved at the contract stage to make sure this is properly included in the contract.

Contract Specific Items to include and find on the COI

Additional Insured; items 3 and 10. Policies must be endorsed, and the definitions of AI read. If a contract is required to trigger the policy, confirm there is one in place.

Subrogation; items 3 through 8—on some policies we can ask for a waiver of subrogation so that we can go back against the contractor if you are named in a suit or counter suit. This is within your standard contracts.

30-day cancellation; items 9 right hand side—most policies allow for the cancellation notice of 30 days and the insured DOES pay a nominal charge for this. This is very valuable to you.

Hold Harmless

Mutual Indemnification, where each party to the contract agrees to indemnify the other for their respective actions under the contract. Each party then “indemnifies and holds harmless” the other for any loss or liability the other incurs because of its actions under the contract. This is a fair and reasonable approach, a “mirror image” indemnity clause in which each party agrees to indemnify the other against claims or liabilities arising out of the acts or omissions of the indemnifying party.

Indemnification

Indemnification is a contractual method of transferring risk. In an indemnification provision, one party, called the “indemnitor” agrees to take financial responsibility for certain risks that otherwise would have to be paid by the other party, called the “indemnitee”. In legal terms, the “indemnitor” agrees to

“indemnify and hold harmless” the “indemnitee” from payment of any damages that result from acts of the “indemnitor”.

Please remember, that by obtaining this Certificate of Insurance and endorsed AI status and following everything above doesn’t guarantee there will be insurance \$’s there to pay for a mistake if they’ve (the contractor) had other claims that same year. But vetting the vendors and being diligent will help to weed out those who may not be at your level of standard requirements.

Please reach out to our team with any questions you may run across, we are happy to serve.

