BUSINESS SERVICES

5735 47th Avenue • Sacramento, CA 95824

Lisa Allen, Interim Superintendent Janea Marking, Chief Business and Operations Officer

2023-24 NO. BS-31

BOARD OF EDUCATION

DATE: March 6, 2024

Lavinia Grace Phillips President Trustee Area 7 TO: All Principals, Administrators, Admin Assistants, and Office Managers

FROM: Janea Marking, Chief Business and Operations Officer

Jasjit Singh Vice President Trustee Area 2

RE: District Standards for Vendor Insurance Minimums

Chinua Rhodes 2nd Vice President Trustee Area 5

The purpose of this bulletin is to provide information on district insurance requirements. Board Policy 3530 requires a risk management program that protects district resources and promotes safety of students, staff, and the public. Insurance is required for all

Tara Jeane Trustee Area 1 x Implement the district Risk Manageme

Christina Pritchett Trustee Area 3 a implement the district Risk Wanagen

Jamee Villa Trustee Area 4 During a recent contract audit process, it was insurance requirements consistently. In an effeliability, we are working toward ensuring all v

Taylor Kayatta Trustee Area 6 All vendors must provide a Certificate depends on the type of services. The Q minimums and higher risk activities the district determination; for more detailed

Liliana Miller Segura Student Board Member

- > All vendors are required to have background checks/fingerprints prior to services.
- > A Data Share Agreement is required if the use of services or products requires

NOTE: This document is to be used as a general guide only, as the specific risk factors for each project, activity and event must be evaluated to determine the appropriate limits.



Insurance and Indemnity in Contracts: A Guide to Risk Transfer Fundamentals

REVISED February 2024

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Purpose

This document provides indemnity language and insurance requirements samples for our members to use when drawing up contracts and agreements, while also providing definitions descriptions of general risk transfer fundamentals. It is meant to be used as a guidand to encourage SIAn embers to assess project's level of risk when determining insurance and indemnity requirements, as opposed to the project's cost and/or size of the project.

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Section 1 Contractual Risk Transfer: Overview and Miscellaneous Definitions

IN SHORTAs an "Additional Insured", the District is entitled to coverage from the other party's General Liability insurance policy. The Additional Insured Endorsement is very important to secure and confirm that it is in place for all projects where this is a requirement.

Table 2:

Section 3 Insurance Language Templates for Risk Categories 1-3

Category1 "Low Risk"

Insurance Requirements

I. CommerciaGeneraLiability

a. Vendor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office (ISO) form CG 00 01, in an amount not less than two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability.general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. Vendor's general liability policies shall be primary and shallseek contribution from the District's coverage and be endorsed with a form at least as broad as ISO form CG 20 10 or CG 20 26 to provide that District and its officers, officials, employees, and volunteers shall be additional insureds under such jesticFor remodeling and new constructionprojects,an endorsement providing completed operations coverage or the additional insured, at least as broad as ISO CG 20 37, is also required.

II. Busines Automobile Liability

a. Vendor shall provide auto liability coverage for owned, nowned, and hired autos using ISOB usines Auto Coverage form CA0001 (or equivalent) with a limit of no less than two million dollars (\$2,000,000) per accident.

III. Workers'CompensationandEmployersLiability

a. VendorshallmaintainWorkers'CompensatiorInsurance withStatutoryLimits,and Employer's Liability Insurance with limit no less than \$1,000,000 peaccident for bodily injury or disease. Vendorshall submit to District, along with the certificate of insurance, a waiver of subrogation endorsement in favor of District.

IV. All Coverages

a. Each insurance policy required by the agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits except after thirty (30)days'prior written notice has been given to the District, except that ten (10)

- days'prior written noticeshallapplyin the event of cancellation for nonpayment of premium.
- b. All self-insured retentions and deductible sabove \$100,000 must be declared to and approved by the District.
- c. Evidence of InsurancePrior to commencement of work, the Vendor shall furnish the District with certificates, additional insured endorsements, and waivers of subrogation evidencingcompliancewith the insurance equirements above. The Vendomust agree to provide complete, certified copies of all required insurance policies if requested by the District.
- d. Acceptability of Insurers-Insuranceshall be placed with insurers admitted in the State of California and with an AM Bessating of A VII or higher.
- e. Vendor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein. However, insurance requirements may be determined on a "per subcontractor" basis, considering the particular work to be done by the subcontractor.

Category2 "Intermediate Risk"

Insurance Requirements

- I. CommerciaGeneraLiability
 - a. Contractor shall maintain commercial general liability insurance with coveragesatt as broad as Insurance Services Office (ISO) form CG 00 01, in an amount not less than three million dollars(\$3,000,000)per occurrence for bodily injury, personal injury, and property damage including without limitation, blanket contractualliability. If a general aggregate limit applies, either the general aggregate limit shally separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. Contractor's general liability policies shall be primary and shall not seek contribution from the District's coveragend be endorsed with a format least as broad as ISO form CG 20 10 or CG 20 26 to provide that District and its officers, officials, employees, and volunteers shall be distional insureds under such policies. For remodeling and new construction projects, an endorsement providing completed operations coverage for the additional insured, at least as broad as ISOCG2037, is also required.
 - b. Anyfailure to complywith reporting provisions of the policies by Contractorshall not affect coverage provided to the District.

- c. Coverageshallcontaina waiver of subrogation in favor of the District.
- II. Busines Automobile Liability
 - a. Contractorshallprovideauto liability coverage or owned, non-owned, and hired autos using ISO Business Auto Coverage form CA 00 01 (or equivalent) with a limit of no less than three million dollars (\$3,000,000) per accident.
- III. Workers'CompensationandEmployersLiability
 - a. ContractorshallmaintainWorkers'CompensatiorInsurancewith StatutoryLimits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodilyinjury or diseaseContractorshallsubmitto District, alongwith the certificateof insurance, a waiver of subrogation endorsement in favor of District.

IV. All Coverages

- a. Each insurance policy required by the agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits exempt aft thirty (30)days'prior written notice hasbeengivento the District, except that ten (10) days' prior written notice shall apply in the event of cancellation for nonpayment of premium.
- b. All self-insured retentions and deductibles above \$100,000 must be declared to and approved by the District.
- c. Evidence of Insurance Prior to commencement of work, the Contractor shall furnish the District with certificates, a distributed (r) real of the contractor of the contracto

Category3 "High Risk"

Insurance Requirements

- I. CommerciaGeneraLiability
 - a. Contractor shall maintain commercial general liability urance with coverage teast asbroad as Insurance Services Office (ISO) form CG 00 01, in an amount not less than five million dollars (\$5,000,000) per occurrence for bodily injury, personal injury, and property damage including without limitation, blanket contractualliability. If a general aggregate limit applies, either the general aggregate limit shall be twice the required occurrence limit. Contractor's general liability policies shall be primary and shot seek contribution from the District's coverage and be endorsed with a form at least as broad as ISO form CG 20 10 or CG 20 26 to provide that District and its officers, officials, employees, and volunteers shall be additional insureds under such policies. For remodeling and new construction projects, an endorsement providing completed operations coverage or the additional insured, at least as broads as Aui, as e1305. Aus (1505)

Section 4 Ancillary Coverage Requirements

	Sexual	Cyber	Professional	Pollution
Contract Activity Involving:	Abuse	Liability	Liability	Liability
ContractActivity Involving:	Molestation	\$1M-\$2M	\$2M	
	(SAM)			
	\$3M-\$5M			

$\label{lem:lem:lemma:decomposition} An cillary Insurance \ensuremath{\mbox{Requirements}}$

III. ProfessionaLiabilityInsurance

a. Contractor shall maintain professional liability insurance that insures against professional errors and omissions that may be made in performing the Services to be rendered in connection with this Agreement, in the minimum amount of two million dollars (\$2,000,000) per claim and in the aggregate. Any policy inception date, continuity date, or retroactivedate must be before the effectivedate of this agreement, and Contractor ages to maintain continuous coverage through a period no less than three yearsafter completion of the services equired by this agreement.

IV. BuildersRiskInsurance

a. Contractor shall obtain and maintain Builders Risk/Course of Construction insurance.

Policy shall be provided for replacement value on anriski'- basis, including

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Section 5 Indemnity Language Samples

(Pleasenote that these are examples only. Indemnity language can and should be customized of it the specific risks and commitments of a project. The following examples represent common scenarios and language that could fit those scenarios.)

Indemnity Language-Standard

Vendor shall indemnify, defend, and hold harmless the District, its officers, employees, agents and volunteers, from and against any and all causes of action, claims, liabilities, obligations, judgments, or damages, including reasonable legal counsels' fees and costs of litigation, arising out of the sVend

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Indemnity Language-ConstructionContracts

(Note: Indemnity language in construction contracts is prohibited by California Civil Code 2782 to require the contractor to indemnify for the project owner's active negligence, thus "active negligence" must be listed as an exception as shown below this civil code is violated, the entire indemnity agreement may be deemed null and void. Please contact Joe Costamagna with any questions.)

Contractor shall indemnify, defend, and hold harmless the District, its officers, employees, agents and volunteers, from and against any and all causes of action, claims, liabilities, obligations, judgments, or damagesincludingreasonablegalcounselsfeesandcostsof litigation, arisingout of the Contractor's performance of its obligations under this agreement or out of the operations conducted by Contractor, except forsuch loss or damage arising from the active negligence, regulægence or willful misconduct of the District. In the event the District is made a party to any action, lawsuit, or other adversarial proceeding arising from Contractor's performance of this agreement, the Contractor shall provide a defenseto oto.em()(t)-6 (h)-0e(li (54 (at)-3 (i)10.6 (o)-6.6 (n)2.2 (,)]TJ 0 Tc 0 Tw 3.826p0 Td ()T-6-9.6 (r)-2.8

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Section 6 Core Insurance Coverages Defined

<u>CommercialGeneralLiability</u>

- x Coverthe policyholder'diability for:
 - o bodily injury
 - o personalinjury
 - o property damage
- x Shouldbe a requirement in virtually all District contracts and agreements.
- x TheDistrictshouldalsorequire it be namedasan "Additional Insured" on the Genera Liability policies of its contractors, vendors and consultants.
- x Standardminimum limits are \$2M per occurrence/\$4Maggregate.Limits should be increased (or decreased) based on level of risk of project.

Auto Liability

- x Coverthe policyholder'diability for bodily injury and property damageto other parties due to the operation of a vehicle.
- x GeneralLiability EXCLUDE/Suto Liability claims.
- x Auto Liability is a significant exposure and should be required in limits equal to that of General Liability, in most cases.

ProfessionaLiability (Errors& Omissions)

- x Coverthe policyholder'diability for "financialloss" claimsthat are not typically covered by General Liability.
- x Should be required for any consultant contracts, design/architectural work, software implementations and legal work that may result in financial loss to the District. Think of it as "Bad Advice" insurance.
- x Bewareof and reject "Limitations of Liability" contractlanguage based on the cost of the project (common in Professional Service Agreements).
- x TheDistrictdoesNOTaskfor an Additional Insured endorsement for this coverage.
- x Standardminimum limits required are \$2M per claim, but \$1M can be acceptable.

Workers' Compensation

x Coversthe policyholder's statutory obligation to provide medical benefits and disability income for all em timb yean 960 Te with the control of the contro

>	<	Waiverof S	Subrogation	shouldalsob	oe required\	wheneveraur	rodgi 729 3 .13	7(f)u2a800Ta(Q(1) TTO TULO OT	oTalint(wT0vZPvvOyAsi

Contact Information

Keyshun Marshall Director, Risk Management RiskM@scusd.edu (916)643-9421

Please eachout anytime for clarifications questions content recommendations for this guide, or to discuss the risk factors of your next project. Thank you.