



Certificate of Insurance Training

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<http://www.chapman.edu/RiskMgmt/>

Agenda

Principals of Insurance Training Chapman University Insurance Requirements for Contractors and Venders

- Risk and Risk Management
- Why is Insurance Required of Contractors and Venders?
- Chapman University Requirements for Evidence of Insurance
- Special Program for Special Events
- Questions and Answers

Risk Management and Insurance

What is Risk?



What is Risk?

- **RISK** - In the ISO 31000 world –
 - Risk is viewed "as the effect of uncertainty on accomplishing your business objectives."
 - Risk Management is seen "as a discipline for managing that uncertainty"



What is Risk Management?

- **RISK MANAGEMENT** is the process of identifying, measuring, or assessing risk and developing strategies to control it.
- **RISK MANAGEMENT** includes a wide range of activities performed within the University to identify, assess and control the uncertainties which may impact on the University's ability to achieve its objectives and opportunities.



Everyone is a Risk Manager!*

- **RISK** is everywhere, and **RISK** never sleeps.
- **RISK MANAGEMENT** can only be effectively implemented when all of the departments across the University integrate basic risk management into their daily operations.

* Credit to UC system



Risk Management Strategies

- Risk Management strategies include:
 1. avoiding the risk,
 2. reducing the negative effect of the risk,
 3. accepting some or all of the consequences of a particular risk,
and/or
 4. transferring the risk to another party.

Risk Transfer

- Risk Transfer is a strategy to avoid the risk by transferring it to other parties.
 - **QUESTION:** What are some ways that Chapman University transfers risk to other parties?

Indemnification and Insurance

~contractual transfer of risk~

■ Indemnification

- Chapman University Standard Contract Requirement

■ Insurance

- Chapman University Standard Contract Requirement

Indemnity

- **Indemnity:** To restore the loss victim to its position prior to the loss occurring.
- **Indemnity Agreement:** Agreement within which the indemnitor agrees to directly reimburse the indemnitee
 - for example, when a contractor directly reimburses Chapman University.

Why Indemnity?

- Indemnification is the part of an agreement that provides for one party to bear the monetary costs, either directly or by reimbursement, for losses incurred by a second party.
- Chapman University seeks to hold Contractors, Venders and other suppliers of goods and services financially responsible for accidents and injuries for which they are responsible.

Example

John Smith

ABC Electric, Inc.

1234 Any Street., Any town, CA 92614

RE: Damage Claim – August 2, 2008

As discussed by phone today, this is to request your assistance in expediting payment of all damage repair costs incurred by Chapman University resulting from the accidental release of water in our property known as Henley Hall resulting from work performed by ABC Electric, Inc. on Saturday, August 2, 2008.

- On 10/31/08 Our insurer referred the claim to law firm Cozen & O'Connor (a national subrogation law firm) for recovery of **\$145,502.**

Sample Indemnification Language

- The Contractor/Vender shall defend, indemnify, and hold the University, its officers, employees, and agents harmless from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages that are caused by or result from the negligent or intentional acts or omissions of the Contractor/Vender, its officers, agents, or employees.

**OK, they have agreed
to “indemnify,”
or pay us back
so, where does
insurance come in?**

Indemnification

- The concern is that most individual and generally most businesses have a limited financial ability to indemnify.
 - Think about a \$100,000 claim that may involve you personally, or
 - Think about a \$100,000 claim for most small businesses,
 - Or a \$1MM claim.

Contracts

- **IMPORTANT:** All business relationships with outside parties should be fully documented by a contract or purchase order.
 - When using a Purchase Order, the Chapman University standard Purchase Order is required. Typically for the purchase of products, not services.
 - All contracts must be reviewed and approved by Legal Affairs and signed by the EVP/Chief Operating Officer

Types of Insurance

Types of Insurance

- Property Insurance
- Liability Insurance
- Boiler and Machinery Insurance
- Debris Removal Insurance
- Builder's Risk Insurance
- Glass Insurance
- Inland Marine Insurance
- Business Interruption Insurance
- Ordinance or Law Insurance
- Tenant's Insurance
- Cyber Liability Insurance
- Crime Insurance
- Fidelity Bonds
- Errors and Omissions Insurance
- Malpractice Insurance
- Automobile Insurance
- Directors' and Officers' Liability Insurance
- Workers' Compensation Insurance
- The list continues ...

Types of Insurance (our primary focus)

- General Liability
- Automobile Liability
- Workers' Compensation
- Excess (Umbrella) Liability
- Errors & Omissions (Professional Liability)

Insurance

- “A promise to pay,” providing compensation for specific potential future losses in exchange for a periodic payment of premium.
- Insurance is designed to protect the financial well-being of an individual, company or other entity in the case of unexpected loss.
- Some forms of insurance are required by law, while others are optional.
- Agreeing to the terms of an insurance policy creates a contract between the insured and the insurer. In exchange for payments from the insured (called premiums), the insurer agrees to pay the policyholder a sum of money upon the occurrence of a specific event.

**Why do we require insurance
from contractors and vendors?**

Why do we require insurance from Contractors/Venders?

- To help assure the availability of financial resources to satisfy the monetary obligations of the legally responsible party.

NOTICE TO CONTRACTORS / VENDERS / FACILITY USERS

- Chapman University requires a Certificate of Insurance from (1) Contractors, (2) Venders, (3) Other Parties that provide services to or on behalf of the University, and (4) Various Parties that use Chapman University facilities.
 - All such parties shall furnish to the University **PRIOR** to commencement of work or activity, an Acord™ * *Certificate of Insurance* (COI) stating that there is insurance in effect with certain specified minimum limits.
- * other formats can be accepted

**Let's list some of the
various types of
contractors or vendors!**

Contractors and Venders?

- General Contractor
- Electrical Contractor
- Plumbing Contractor
- Roofing Contractor
- Fencing Contractor
- Architects/Engineers
- HVAC Contractor
- Food Service Vender
- Custodial Services
- Landscaping Services
- Bus Company
- Inflatables Provider
- Resort / Campground
- Performer
- Speaker
- Technology Vender
- Greek Organizations
- Habitat for Humanity
- Car Dealer
- University

The list goes on and on ...

Minimum Limits

~an overview~

■ Commercial General Liability

- Each Occurrence
\$1,000,000
- Products/Completed Operations Aggregate
\$1,000,000
- Personal and Advertising Injury
\$1,000,000
- General Aggregate
\$2,000,000

■ Business Auto Liability

- Each Occurrence
\$1,000,000

■ Workers' Compensation

- CA Statutory
- EL: \$1,000,000

■ Increased Limits

- As required

■ Other Coverages

- Errors and Omissions
- Others as required

Coverage Requirements and Limits Subject to Change

- **NOTE:** At the discretion of the Chapman University Risk Management Department (due to the nature of the contract, activity, event or the number of people in attendance) higher limits or other requirements may be specified.

Liability Insurance

- Commercial General Liability (CGL) insurance protects a company if a customer or other visitor is injured at their place of business.
- It would also cover **damage or injuries caused by their employees at a client's site.**
- Even if a company is negligent or liable for damage, injury or loss to another's property, reputation or health, the business can be protected if it is adequately insured.

Liability Insurance

- Under a general liability insurance policy, the insurer is obligated to pay the legal costs of a business in a covered liability claim or lawsuit.
- Covered liability claims include bodily injury, property damage, personal injury, and advertising injury (damage from slander or false advertising).
- The insurance company also covers compensatory and general damages.
- Punitive damages aren't covered under general liability insurance policies because they're considered to be punishment for intentional acts.

Liability Insurance

- General liability insurance policies always state a maximum amount that the insurer will pay during the policy period. Usually these policies also list the maximum amount the insurer will pay per occurrence.
 - For example, if a company has a \$1 million per occurrence cap in its liability policy and it's successfully sued for \$1.5 million, the insurer would pay \$1 million and the business would be responsible for paying \$500,000.

Evidence of Insurance



- Proof of the required insurance is evidenced by a Certificate of Insurance on an Acord™ form, provided by an insurance agent or broker. This form must be in the possession of Chapman University before the work or activity starts. The Certificate of Insurance must be filed with the contract so that it can be retrieved in the event of a loss.

COI

(Certificate of Insurance)

- A COI is a certificate, letter, or document which shows the insurance coverage that an insured has in place **at the time the COI was issued.**
- A COI is usually issued by an insurance company, insurance agent, or broker.
- **It is commonly referred to as “proof of coverage.” But, is it?**

ACORD™ CERTIFICATE OF LIABILITY INSURANCE		Clear	Save	DATE (MM/DD/YYYY) 07/10/2007		
PRODUCER Arthur J. Gallagher & Co. 505 N. Brand Blvd., Suite 600 Glendale, CA 91203-2300 Phone: 818-539-2300 Fax: 818-539-2301		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.				
INSURED ABC Electrical Services 123 Main Street Anytown, CA 98765		INSURERS AFFORDING COVERAGE		NAIC #		
		INSURER A: Hartford Insurance Company				
		INSURER B: Travelers Insurance Company				
		INSURER C: National Union				
		INSURER D:				
		INSURER E:				
COVERAGES						
THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
INSR	ADD'L	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	X	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	123456789	07/01/07	07/01/08	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ included MED EXP (Any one person) \$ optional PERSONAL & ADV INJURY \$ included GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ included
B	X	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS	987654321	07/01/07	07/01/08	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
C	X	EXCESS UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$ \$ \$
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER				<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 DISEASE - POLICY LIMIT \$ 1,000,000
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS RE: Chapman University Warehouse Renovation at 633 W. Palm. Chapman University, its trustees, officers, employees, faculty, and agents are included as an additional insured with respect to the above stated work and subject to the terms and conditions of the additional insured endorsement CGL216 (04/98) attached, and the policy.						
CERTIFICATE HOLDER Chapman University One University Dr. Orange, CA 92866			CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>30</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE			

Proof of Insurance?

CERTIFICATE OF LIABILITY INSURANCE		Clear	Save	DATE (MM/DD/YYYY) 07/10/2007
& Co. Suite 600 3-2300 00 Fax: 818-539-2301 ervices 765	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.			
	INSURERS AFFORDING COVERAGE			NAIC #
	INSURER A: Hartford Insurance Company			
	INSURER B: Travelers Insurance Company			
	INSURER C: National Union			
	INSURER D:			
INSURER E:				

Commercial General Liability (CGL)

- This coverage generally insures most operations of the contractor other than Auto Liability and Workers' Compensation Liability
 - **Occurrence Form:** Most CGL policies are written with an "occurrence trigger." This means that the policy in effect at the time the injury and/or property damage occurred will respond to the claim.
 - **Claims-made Form:** If the policy is written on a "claims-made" form, the current liability insurer will respond (to a claim made during the policy period) even though the event that gave rise to the claim may have occurred in a prior year. The claims-made form is used for only a small percentage of liability insurance, mainly for medical malpractice and other types of professional liability.

Commercial General Liability: Chapman University – Minimum Limits

- Each Occurrence \$1,000,000
- General Aggregate \$3,000,000
– \$2,000,000 for lower risk

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS				
A		GENERAL LIABILITY	CGL200800052400	09/01/08	09/01/09	EACH OCCURRENCE	\$ 1,000,000			
	<input checked="" type="checkbox"/>	COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 1,000,000			
	<input type="checkbox"/>	CLAIMS MADE				<input checked="" type="checkbox"/>	OCCUR	MED EXP (Any one person)	\$ 5,000	
	<input type="checkbox"/>						PERSONAL & ADV INJURY	\$ Included		
	<input type="checkbox"/>						GENERAL AGGREGATE	\$ 3,000,000		
	GEN'L AGGREGATE LIMIT APPLIES PER:					PRODUCTS - COM/PROP AGG	\$ Included			
	<input checked="" type="checkbox"/>	POLICY				<input type="checkbox"/>	PRO- JECT	<input type="checkbox"/>	LOC	

Commercial General Liability: Chapman University MINIMUM LIMITS

- Medical Payments (Any one person)
\$10,000 (can be reduced or waived for lower risk)
- Products/Completed Operations Aggregate
\$1,000,000
- Personal and Advertising Injury
\$1,000,000

INSR ADD'L LTR INSRD		TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS			
A	X	GENERAL LIABILITY		CGL11111111	01/01/07	01/01/08	EACH OCCURRENCE	\$ 1,000,000	
		<input checked="" type="checkbox"/>	COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000	
		<input type="checkbox"/>	CLAIMS MADE				<input checked="" type="checkbox"/> OCCUR	MED EXP (Any one person)	\$ 10,000
		<input type="checkbox"/>					PERSONAL & ADV INJURY	\$ 1,000,000	
		<input type="checkbox"/>					GENERAL AGGREGATE	\$ 2,000,000	
		GEN'L AGGREGATE LIMIT APPLIES PER:					PRODUCTS - COM/OP AGG	\$ 1,000,000	
		<input type="checkbox"/> POLICY	<input type="checkbox"/> PRO- JECT				<input type="checkbox"/> LOC		
		<input type="checkbox"/>							

Minimum Limits

- The insurance limits described herein should be considered to be the minimum required. The Chapman University Risk Manager may make exceptions (for higher or lower limits) if it is determined that the exposure is more or less than contemplated by these requirements.
- Exposures related to aircraft, watercraft, professional liability and hazardous activities will require additional insurance and/or higher insurance limits.

All Certificates of Insurance: MINIMUM REQUIREMENTS

- The **COI** should provide specific information as to the date and contract/activity/event for which the Certificate is being issued. It may cover all operations of the Contractor for the University.
- Coverage must be written on an “occurrence” form and maintained throughout the term of any contract/activity/event.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

RE: Chapman University Warehouse Renovation at 633 W. Palm.

Chapman University, its trustees, officers, employees, faculty, and agents are included as an additional insured with respect to the above stated work and subject to the terms and conditions of the additional insured endorsement CGL216 (04/98) attached, and the policy.

CERTIFICATE HOLDER


Chapman University
One University Dr.
Orange, CA 92866

CANCELLATION

AUTHORIZED REPRESENTATIVE

All Certificates of Insurance: MINIMUM REQUIREMENTS

- By endorsement the COI must reflect "Chapman University, its trustees, officers, employees, faculty, and agents as an **Additional Insured** as their interest may appear with regard to the activity and/or operations under the subject Contract or Agreement."

<small>DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS</small> RE: Chapman University Warehouse Renovation at 633 W. Palm. Chapman University, its trustees, officers, employees, faculty, and agents are included as an additional insured with respect to the above stated work and subject to the terms and conditions of the additional insured endorsement CGL216 (04/98) attached, and the policy.	
<small>CERTIFICATE HOLDER</small> Chapman University One University Dr. Orange, CA 92866	<small>CANCELLATION</small>  <small>AUTHORIZED REPRESENTATIVE</small>
<small>ACORD 25 (2001/08)</small>	<small>© ACORD CORPORATION 1988</small>

Commercial General Liability: (MINIMUM REQUIREMENTS)

- CAUTION: **Additional Insured coverage** should be automatically provided with regard to “work performed” for Chapman University. The Additional Insured Endorsement issued on most policies generally will require a written contract. **If it does, be sure there is such a contract.**

<small>DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS</small>	
RE: Chapman University Warehouse Renovation at 633 W. Palm. Chapman University, its trustees, officers, employees, faculty, and agents are included as an additional insured with respect to the above stated work and subject to the terms and conditions of the additional insured endorsement CGL216 (04/98) attached, and the policy.	
<small>CERTIFICATE HOLDER</small>	<small>CANCELLATION</small>
Chapman University One University Dr. Orange, CA 92866	
<small>ACORD 25 (2001/08)</small>	<small>© ACORD CORPORATION 1988</small>

Commercial General Liability: (MINIMUM REQUIREMENTS)

- By endorsement, the General Liability policy must include *Waiver of Subrogation* in favor of Chapman University.

Willis		CERTIFICATE OF LIABILITY INSURANCE Page 2 of 3		DATE 04/16/2008
PRODUCER	877-945-7378	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.		
	Willis North America, Inc. 26 Century Blvd. P. O. Box 305191 Nashville, TN 372305191	INSURERS AFFORDING COVERAGE		NAIC#
INSURED	Follett Corporation 2233 West Street River Grove, IL 60171	INSURER A: Zurich American Insurance Company		16535-004
		INSURER B: Zurich American Insurance Company		16535-002
		INSURER C: XL Insurance America, Inc.		24554-000
		INSURER D:		
		INSURER E:		
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS				
It is understood and agreed that the company Waives its right of Subrogation against University, all officers, trustees, agents and employees which may arise by reason of a payment of claim under the General Liability policy.				

Commercial General Liability: (MINIMUM REQUIREMENTS)

- CAUTION: Do not accept a policy that limits coverage to “ongoing operations” of the insured. The policy should also provide coverage for “completed operations” of the insured.
- *NOTE: Generally you will not have this information on a COI. This requirement is most important for major construction contracts.*

Commercial General Liability: (MINIMUM REQUIREMENTS)

- CAUTION: Do not accept a policy that is written on an indemnification basis. With such a policy the “insured” must pay any claim before being reimbursed by the insurer.
- *NOTE: Generally you will not have this information on a COI. This requirement is however important for major construction contracts.*

Commercial General Liability: (MINIMUM REQUIREMENTS)

- CAUTION: Do not accept a policy that requires a self-insured retention or deductible by the insured that you believe to be unreasonably high.
- *NOTE: Larger contractors will often purchase their policy with a large deductible. Be cautious if large deductibles are used by what you believe to be financially weaker contractors.*

Read the Disclaimer

~The endorsement is essential~

IMPORTANT

NOTE: If “blanket” AI, secure evidence of same.

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

Commercial General Liability: Additional Requirements for Contractors

- **Owners and Contractors Protective (OCP) Liability***
- **Products and Completed Operations***
- **Explosion, Collapse and Underground Hazard***
- *** included in broad form CGL of most major insurers**

Explosion, Collapse and Underground Hazard

- Explosion, Collapse and Underground Hazard (XCU) coverage is required for contractors who grade, trench or dig underground, generally to a depth of greater than 12 inches.
- CGL policies written by most insurers include coverage for both premises and products-completed operations. At times the latter may be removed by endorsement. This should not be done for contractors who excavate unless the risk is covered separately or in a wrap-up.
- CGL insurance written by major insurers generally includes coverage for the explosion, collapse and underground (XCU) property hazards.
- When XCU protection is provided in the CGL policy, it may be removed by endorsement in whole or in part at the discretion of the insured or for underwriting reasons. Be sure this is not the case if you are contracting with anyone who may be doing this type of work.

Commercial General Liability: (Description of Operations)

■ Regular Ongoing Business Relationship

- If you have a regular, ongoing business relationship with the Contractor/vendor, you may request that the description of operation be broadly worded, i.e. “all work, operations or activities of the insured for or on behalf of Chapman University.”

■ Short-term Business Relationship or Contract

- If the current business relationship is limited in scope, or if the contractor’s insurer will not provide a broadly worded scope of work for the COI, you may limit the wording to the specific job that is the subject of the contract or agreement, i.e. “the work of the insured with regard to renovations being performed on Chapman University property located at 633 W. Palm.

- **CAUTION:** The wording should reflect coverage as relates to “work performed” for Chapman University. Unless there is a written contract that clearly describes the scope of work, you should avoid the requirement that there be a “written contract” to trigger coverage.

Primary Insurance

- For any claims related to any project, the contractor/vender's insurance coverage shall be primary insurance and non-contributory as respects Chapman University, its trustees, officers, employees, representatives and assigns. Any insurance or self-insurance maintained by Chapman University, its trustees, officers, employees, or assigns shall be excess of the Contractor's insurance and shall not contribute.

Automobile Liability

Automobile Liability: Chapman University MINIMUM REQUIREMENTS

- Commercial Entities: Business automobile liability with a combined single limit not less than \$1,000,000 per occurrence. For a bus/transportation company, minimum per occurrence and aggregate limits are \$5,000,000.
- Individuals: \$300,000 CSL preferred. Liability of \$100,000 per person / \$300,000 per occurrence; property damage of \$50,000 per occurrence can be considered.

B	AUTOMOBILE LIABILITY		987654321	07/01/07	07/01/08	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
	X	ANY AUTO				BODILY INJURY (Per person)	\$
		ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
		SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$
		HIRED AUTOS					
		NON-OWNED AUTOS					

Automobile Liability: Chapman University MINIMUM REQUIREMENTS

- Additional Insured Status: Additional Insured status, as requested on a General Liability policy is not absolutely required on a Business automobile liability policy. We generally ask for it, with wording as follows:
 - Chapman University shall be named an additional insured for purposes of business auto liability insurance in connection with all owned, non-owned, hired or borrowed vehicles used in connection with work for the University but only to the extent arising from the Contractor or Venders negligence in performance of such agreement or contract.
- We can generally accept the COI without the coverage under objection from the vender.

Workers' Compensation Insurance

Workers' Compensation: Chapman University MINIMUM REQUIREMENTS

- Worker's Compensation - Statutory – As required by law in the State of California
- Employer's Liability:
 - \$1,000,000 Bodily Injury by Accident - Each Accident
 - \$1,000,000 Bodily Injury by Disease - Policy Limit
 - \$1,000,000 Bodily Injury by Disease - Each Employee

B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	WC11111111	01/01/07	01/01/08	<input checked="" type="checkbox"/> WC STATU- TORY LIMITS	<input type="checkbox"/> OTH- ER	
					E.L. EACH ACCIDENT		\$ 1,000,000
					E.L. DISEASE - EA EMPLOYEE		\$ 1,000,000
					E.L. DISEASE - POLICY LIMIT		\$ 1,000,000

State Compensation Fund (SCIF)

POLICYHOLDER COPY



P.O. BOX 420807, SAN FRANCISCO, CA 94142-0807

CERTIFICATE OF WORKERS' COMPENSATION INSURANCE

ISSUE DATE: 03-21-2012

GROUP: 000238
POLICY NUMBER: 0003612-2011
CERTIFICATE ID: 27
CERTIFICATE EXPIRES: 11-01-2012
11-01-2011/11-01-2012

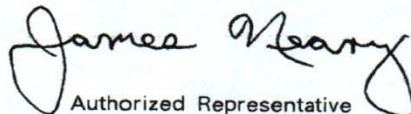
CHAPMAN UNIVERSITY; ATTN: MICHELLE OZUNA SC
1 UNIVERSITY DR
ORANGE CA 92866-1005

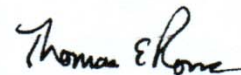
This is to certify that we have issued a valid Workers' Compensation insurance policy in a form approved by the California Insurance Commissioner to the employer named below for the policy period indicated.

This policy is not subject to cancellation by the Fund except upon 10 days advance written notice to the employer.

We will also give you 10 days advance notice should this policy be cancelled prior to its normal expiration.

This certificate of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policy listed herein. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate of insurance may be issued or to which it may pertain, the insurance afforded by the policy described herein is subject to all the terms, exclusions, and conditions, of such policy.


Authorized Representative


President and CEO

EMPLOYER'S LIABILITY LIMIT INCLUDING DEFENSE COSTS: \$1,000,000 PER OCCURRENCE.

ENDORSEMENT #1600 - PHILIP C SIMOVICH PRESIDENT - EXCLUDED.

State Law – Independent Contractors

- Senate Bill (SB) 459 – Employment: Independent Contractors
- Authored by Senate Majority Leader Ellen M. Corbett (D-San Leandro) and signed by the Governor, SB 459 adds Section 226.8 to the Labor Code, which imposes significant penalties from \$5,000 to \$15,000 per violation and other remedial actions on employers and others who willfully misclassify employees as independent contractors.

State Law – Independent Contractors

- If it is determined that the employer engaged in a pattern or practice of willfully misclassifying its employees, penalties may be assessed as much as \$25,000 per violation. Although California's Division of Labor has no set definition of the term "independent contractor," the determination requires an examination of court decisions and guidelines from regulatory agencies. In addition, violators must publish, for one year, a notice regarding the violation, which must be prominently displayed on the employer's website or, if the employer does not have a website, in a location available to both employees and the public.



Allan F. Brooks, CPCU, ARM
Director, Risk Management
Phone 714-532-7794
abrooks@chapman.edu

One University Dr.
Orange, CA 92866
Mail Stop: RISK
Office location: 701 N. Glassell

Vendors to Chapman University that do not directly or through the use of sub-contract agreements employ individuals in the performance of contractual obligations to the University may request a Waiver of the University standard requirement to evidence workers' compensation insurance coverage by certifying that they have no employees. Please complete and return this form to the person/department that you are working with on any service agreements.

☐ Certificate of Exemption Certifying No Employees

I am aware of the provisions of California Labor Code Section 3700, which requires every employer having one or more employees to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code.

I affirm that at the time of execution of this Agreement and at all times in performing the work identified in this Agreement I do not and will not employ any person in any manner so that I become subject to the Workers' Compensation Laws of California. I also understand that if while performing the work identified herein, if I employ someone so that I become subject to the Workers Compensation Laws of California, the claim of exemption executed under this paragraph will no longer be valid.

I further affirm that if I become subject to the Workers' Compensation Laws of California while performing the work under this Agreement, I will immediately cease work and obtain a Certificate of Workers' Compensation Insurance, submit that Certificate to the University immediately following its effective date, and at all times when performing services under this Agreement maintain the coverage provided by the Certificate in accordance with the law.

I certify under penalty of perjury under the laws of the State of California that the information provided on this exemption statement is true and accurate.

Company Name: _____

Name of Authorized Signer: _____

Signature of Authorized Signer: _____

Date Signed: _____

Certificate of Exemption - No Employees

Certificate of Exemption

☐ Certificate of Exemption Certifying No Employees

I am aware of the provisions of California Labor Code Section 3700, which requires every employer having one or more employees to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code.

I affirm that at the time of execution of this Agreement and at all times in performing the work identified in this Agreement I do not and will not employ any person in any manner so that I become subject to the Workers' Compensation Laws of California. I also understand that if while performing the work identified herein, if I employ someone so that I become subject to the Workers Compensation Laws of California, the claim of exemption executed under this paragraph will no longer be valid.

I further affirm that if I become subject to the Workers' Compensation Laws of California while performing the work under this Agreement, I will immediately cease work and obtain a Certificate of Workers' Compensation Insurance, submit that Certificate to the University immediately following its effective date, and at all times when performing services under this Agreement maintain the coverage provided by the Certificate in accordance with the law.

I certify under penalty of perjury under the laws of the State of California that the information provided on this exemption statement is true and accurate.

Company Name: _____

Name of Authorized Signer: _____

Signature of Authorized Signer: _____

Date Signed: _____

Umbrella or Excess Liability: Chapman University MINIMUM REQUIREMENTS

- Umbrella or Excess Liability insurance may be used to achieve the above minimum liability limits. The Umbrella or Excess Liability insurance policy must be endorsed to Chapman University as being "As Broad as Primary Policy".

						AGG	\$	
A		EXCESS/UMBRELLA LIABILITY		96A2UB0000036-01	8/17/2008	8/17/2009	EACH OCCURRENCE	\$ 3,000,000
		<input checked="" type="checkbox"/> OCCUR	<input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 3,000,000
								\$
								\$
								\$
		DEDUCTIBLE					\$	
		RETENTION	\$				\$	


Cancellation Notice – Old Language

- It is typically the responsibility of the agent or broker, not the insurer, to notify the insured(s) of any cancellation of coverage.
- Note that the usual Acord Cancellation Notice is very limited.
 - “Should any of the described policies be cancelled before the expiration date thereof, the issuing insurer will endeavor to mail 30* days written notice to the certificate holder named to the left, but failure to do so shall impose no obligation or liability of any kind upon the insurer, its agents or representatives.”

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>30*</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.
AUTHORIZED REPRESENTATIVE
© ACORD CORPORATION 1988

Cancellation Notice - Revised

- Each COI shall specify that should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions.

CERTIFICATE HOLDER	CANCELLATION
Chapman University 1 University Dr Orange, CA 92866	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE
	Lee Martinez/JM 

Deductibles and Self-Insured Retentions

- Ideally, insurance shall apply on a first dollar basis without application of a deductible or self-insured retention unless otherwise specifically agreed to by the University.
- Such approval shall not relieve the contractor from the obligation to pay any deductible or self-insured retention. Any deductible or self-insured retention shall not exceed \$5,000.00 per occurrence, unless otherwise approved by the Chapman University Risk Manager.

Approved Insurer

- Each insurance policy shall be issued by an insurance company or companies authorized to do business in the State of California or eligible surplus lines insurer acceptable to the State and having agents in California to whom service of process may be made. All such insurers must maintain a rating by A.M. Best as "(A-) IX" or better.

A.M. Best Company Financial Strength Ratings

Secure	Vulnerable
A++, A+ (Superior)	B, B- (Fair)
A, A- (Excellent) A-	C++, C+ (Marginal)
B++, B+ (Good)	C, C- (Weak)
	D (Poor)

FSC		Adjusted Policyholder Surplus
IX	IX	250 to 500
X		500 to 750
XI		750 to 1,000
XII		1,000 to 1,250
XIII		1,250 to 1,500
XIV		1,500 to 2,000
XV		2,000 or greater
		In Millions USD

Assessing Required Limits

- Dollar value of Project?
 - Value of Contract?
 - Big job / small job?

- What is the Risk?
 - Risk to People?
 - Risk to Property?

- Nature of Hazards
 - Welding/Cutting in existing structure
 - Electrical
 - Other?

Still have questions? Call Risk Management!

NOTICE TO CONTRACTORS / VENDERS / FACILITY USERS

- All Certificates should be sent by mail and/or email to the contracting party at Chapman University.

ATTN: (Insert name of Chapman University contract manager)

Chapman University
One University Drive
Orange, CA 92866

- All Certificates should be sent or forwarded by email to **ABrooks@Chapman.edu**
- Certificates of Insurance will be entered into the Chapman University consolidated COI database located at **<https://web.chapman.edu/CertInsure/>**

What if YOU need a COI evidencing Chapman University Insurance?

- <http://www.chapman.edu/RiskMgmt/>
- <http://www.chapman.edu/RiskMgmt/resources.asp>
- Certificate of Insurance Request Form ([Form](#))



Special Events



Special Events

- Outside parties who use Chapman University facilities for their private events, including events open to members of the Chapman University community are required to provide evidence of insurance.
- Limits of required insurance are determined consistent with the risk.

Special Events – Limits of Insurance

■ MAJOR EVENTS:

- General Liability: \$1,000,000/\$2,000,000
- Business Auto: \$1,000,000 if auto's will be brought on campus (behind bollards) in connection with event.

■ MINOR EVENTS:

- General Liability: \$100,000
- Auto: 15/30/5 limits is **not** sufficient. Require 100/300/50 minimum; \$250,000 CSL.



Special Events



- The TULIP is a Tenants' and Users' Liability Insurance Policy, also known as "Events Coverage". It is used by institutions who permit "third parties" to use their facilities for specific events. It is NOT intended for institutions to shift any of their specific operational risks away from their own General Liability Policies.
- Subject to policy terms, it protects both the Facility User and the Institution against claims by third parties who may be injured or who lose property as a result of participating in an event.
- Events may range from very low risk events such as classroom seminars, receptions or weddings to higher risk events including camps, sports events or rock concerts.
- Go to Risk Management Resources: Special Events Insurance - TULIP Program ([PDF](#))

Recordkeeping

1. The Department responsible for managing the contract is responsible for managing all contract terms, including evidence of insurance.
2. Develop a means to review all Certificates of Insurance (COI) prior to start of the work or activity. Review the COI against the contract terms. Assure all coverages are in place as required by the contract or otherwise meet appropriate University standards.
3. File the COI with the Contract.

Recordkeeping (cont.)

4. Enter the COI in the centralized Chapman University COI Database. <https://web.chapman.edu/CertInsure/>
5. Access to this database is provided to those persons who work with these documents. If you need access, contact Risk Management.
6. Enter key data elements and a PDF attachment of the actual COI. This database will allow for ease in locating a current COI and provide a means to diary all COI's for expiring dates. You must have a valid COI to engage the services of any contractor or vender.



**Careful Review
of Insurance Certificates**

**Risk Management
is
Good Management**





Q & A
time



Recap

- Risk and Risk Management
- Why is Insurance Required of Contractors and Venders?
- Chapman University Requirements for Evidence of Insurance
- Special Program for Special Events
- Questions and Answers



Allan F. Brooks, M.A., CPCU, ARM, ARe, AU
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Office of the Executive Vice President / COO
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abrooks@chapman.edu
<http://www.chapman.edu/RiskMgmt/>

Thank you for being here today!