pennPRIME INSURANCE TRUST

Certificates of Insurance

Presenter:

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It's A Two-Way Street

- You may require or request a certificate of insurance (COI) FROM others.
- You may be required or requested to provide a COI TO others.
- Why?

Certificate of Insurance (COI)

- Provide evidence of insurance maintained by one party (Insured) to another party (Certificate Holder).
- Evidence compliance with contract requirements.
- Evidence a source of financing for indemnification obligations.
- Evidence financing for the consequences of negligent acts of the Insured.

Parties From Whom To Require COI's

- Contractors
- Vendors
- Users of your Facilities

Parties That Require COI's From You

- Commonwealth Agencies
- Lenders and Lessors
- Others whose facilities you use
- Others to whom you provide services

Priority - High Risk Activities

- Does the activity:
  - Present a high risk of injury or death to your employees or to the public?
  - Present a high risk of damage to your buildings, grounds or equipment, or the property of others?
  - Have a history of causing injury to persons or damage to property?

Priority - High Risk Activities

- Involve heights;
- Involve high energy levels;
- Involve heavy materials, equipment or vehicles;
- Involve chemicals or contaminants; and/or
- Proximity to people and property.

Priority - High Risk Activities

- Examples:
  - Fireworks
  - Building Construction
  - Roofing
  - Towers
  - Street/Road/Bridge Construction
  - Water/Sewer Infrastructure

COI Disclaimers

- THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER.
- THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.
- THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

COI Disclaimers (continued)

- IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed.
- 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).

COI Disclaimers (continued)

- 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.
- LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COI Disclaimers (continued)

- CANCELLATION

  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

What DOES the COI Tell Us?

- THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED.

What DOES the COI Tell Us?

- The “Insured” name and address – this should match those on the contract or agreement with contractor/vendor;
- “Insurer(s) Affording Coverage”;
- “Producer” – the Insured’s agent or broker;
- “Type of Insurance”, “Policy Number”, “Policy Eff” (effective) and “Policy Exp” (expiration) dates and “Limits”;

What Does the COI Tell Us?

- “Addl Insr” an x under this indicates additional insured status;
- Whether General Liability coverage is on a per occurrence basis “OCCUR” (vs. “CLAIMS-MADE”);
- Autos covered for Automobile Liability (Any Auto, All Owned Autos, Scheduled Autos, Hired Autos Non-Owned Autos);

What DOES the COI Tell Us?

- “Description of Operations / Locations / Vehicles” allows for description of the agreement, project or circumstances that necessitates the Certificate of Insurance; and
- Other amendments that do not have a specific placeholder in the standard COI.

Require Additional Insured Endorsement

- Per the Disclaimer, it's the only way to ensure additional insured status.
- The endorsement DOES convey rights not conveyed in the COI.
- There are many different forms designed to provide additional insured.
- The wrong form may not provide additional insured status.

Wrong Additional Insured Form?

- Additional Insured Only To The Extent Required In A Contract
- Coverage For Ongoing Operations Only
- Additional Insured For The Wrong Relationship
- Excess Rather Than Primary Coverage

Common Questions

- What do I need to review on the COI to know it's OK? I don't know how to read these things.
- What assistance can my insurance representative provide?

Review Sample COI

- See Sample in separate document

More Common Questions

- Do I need a COI for the people who fill the vending machine or similar vendors?
- Our bid process required the contractor to submit a COI so I know they have one?
- The guys just go ahead and schedule work without telling me, but I get a COI afterwards, is this OK?

Contract Management

- Contracts have risks
- You can transfer risk to another party
- Another party can transfer risk to you
- Contract terms may increase or decrease obligations to either party
- It’s important that contracts are reviewed by someone with expertise

Contract Requirements

- Insurance Coverage Requirements
- Indemnification/Hold Harmless/Defense
- Independent Contractor Status
- Limitation of Liability/Limitation of Damages
- Limitations on Litigation (Choice of Forum and Choice of Law)

Contract Management

- Develop a contracting policy
- Identify who is authorized to sign contracts
- Centralize management of contracts and related documents in one place
- Designate an employee to oversee the entity's contracting policy and training of your employees on the policy

Contract Management

- When possible, use contracts, agreements, and/or purchase orders developed by the municipality
- Determine when solicitor review prior to execution of the contract is warranted
- Involve an insurance professional to review the insurance and indemnification terms prior to execution of the contract

What About Sovereign Immunity?

- Political Subdivision Tort Claims Act (PSTCA) does not pay defense costs.
- Whether an injury does or does not come within the PSTCA's immunity exceptions are fact-dependent and may require discovery in litigation. Litigation always has costs.
- Out of every general liability claim dollar paid by the Trust, 45% goes to defense expense.

Audit – Loss Control Standard

- Adopt a written procedure incorporating PennPRIME criteria, requiring COIs be obtained from contractors.
- Maintain a list of contractors and current COIs for each.
- Best Practice – Have all COIs reviewed by your insurance representative and address findings.

Loss Control Standard

- Have you identified all of your contractors?
- Do you have written contracts with all of the contractors?
- Have all of your contracts been reviewed by legal counsel?
- If “No”, do you have centralized contract management (one person)?

Loss Control Standard

- Does the contract language require contractors to include your entity as an “Additional Insured” on their General Liability policy?
- Do you confirm, by review of a contractor’s Certificate of Insurance (COI), that each contractor has the required Worker’s Compensation coverage?

Loss Control Standard

- Is there a written procedure for requiring contractors to provide COIs and for appropriate review of these submissions prior to commencing work under the contract?
- Are you following the written procedure for reviewing the COI submissions? (Who?)

Loss Control Standard

- Does the procedure include a mechanism for tracking COI expiration dates and contract completion dates?
- Is there a process for ensuring all COI's for active contracts are current?
- Are all COI's reviewed annually by your insurance representative or PennPRIME?

Questions and Answers

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