evident

FREE LIVE WORKSHOP · 1 HOUR

Risk Transfer & Insurance Basics

A 1-Hour Primer

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July 8 • 1:00 PM ET

CITIES, COUNTIES & RISK POOLS TRUST EVIDENT

NEVADA COUNTY CALIFORNIA

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MONTEREY COUNTY CALIFORNIA 1850

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

NTTA NORTH TEXAS TOLLWAY AUTHORITY

California State University Northridge

PRISM

Risk & Insurance for Vendors, Contractors, Consultants & Special Event Organizers/Sponsors,

including Certificates & Endorsements

2026

sedgwick

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Welcome

Agenda

1. Risk Management
2. Contractual Risk Transfer
3. Insurance Coverage
4. Certificates of Insurance & Endorsements
5. Special Events
6. Recap

Risk & Risk Management

What is Risk Management?

Forecasting and evaluating financial risks, together with the identification of procedures to avoid or minimize their impact

Vicarious Liability (…a legal doctrine)

When one party is held partially responsible for the actions of another party:

e.g. Public Agency may be alleged to be responsible for the negligent acts of a contractor, consultant, vendor, or special event organizer/sponsor on Public Agency property

Risk Assessment

- Evaluate the level of risk of each project/activity
  - Look for risky activities involving:

children ◆ large crowds ◆ electrical voltage ◆ water ◆ heights
subsurface activities ◆ pyrotechnics ◆ alcohol ◆ etc.

- Potential liabilities have limited relationship to the $ amount of the agreement/work. Even with a small-dollar contract, exposures could result in significant loss

- Build the contract indemnity and insurance requirements based on an accurate risk evaluation

Techniques of Risk

Avoid

- Avoidance is almost impossible when the Public Agency needs to continue to operate

Control

- The practice of risk control includes
  - Loss prevention (reducing the frequency)
  - Loss reduction (reducing the severity)

Transfer!

- Transfer some of the risk to another party who has the most knowledge and control of the service, work, activities

Finance

- Insure it or retain and pay for losses

Contractual Risk Transfer (“CRT”)

Contractual Risk Transfer

Transfer some of the Public Agency's risk of loss to the party that's in the best position to control the risk associated with the work/activities:

Transfers

- *Financial Burden*
- *Legal Responsibility*

To another party

- *Who has better knowledge of the risk*
- *Who can better control risk*

Risk Transfer Conditions / Contracts

- Leases
- Permits
- Purchase Orders
- Professional Services
- Construction Contracts
- Maintenance and services
- Special Events
- Facility Rentals
- …and more

Risk Transfer - Three Main Actions

- Executed Contract Agreement

- Evidence of satisfactory insurance
  - Certificate of Insurance with all required coverages

- Evidence of modified coverage
  - Endorsements providing:
    - Additional Insured coverage;
    - Primary and Non-Contributory;
    - Waiver of Subrogation, etc.

Insurance Coverage

Insurance Clauses in the Contract

- Specifies the types and limits of insurance required of the vendor

  …the Vendor may not be aware of what they need for their scope operations

- Insurance is the "collateral" for the Indemnification. It ensures availability of funds to support the indemnification assumed by the Vendor in the contract agreement

- Outlines expectations to Vendor for
  - Insurance coverages, limits and endorsements;
  - Subcontractors (pass through);
  - Policy cancellation

  …thus, if endorsements are correct, responsibility is transferred to Vendor rather than the Public Agency

Insurance Coverages

Typically required coverages:

- Commercial General Liability - business operations coverage
- Automobile Liability - vehicle operation coverage
- Workers’ Compensation & Employer’s Liability - employee injury coverage

Ancillary coverages:

- Professional Liability - licensed professional services
- Cyber Liability/Tech E&O - technology services, hardware, and/or software
- Builders Risk / Installation Floater - new building construction / other construction
- Other coverages may need to be required based on scope

Excess Liability and Umbrella Liability

- **Primary or “Underlying” Insurance Coverage +**
  - Commercial General Liability
  - Automobile Liability

If the following insurance coverages are included in the Excess or Umbrella Liability, the Vendor’s Insurance Broker should provide confirmation of such in writing:

  - Employer’s Liability
  - Professional Liability
  - Cyber Liability
  - Other coverage types…

Excess/Umbrella Liability

Add the limits of the Excess or Umbrella Liability policy to the primary (“underlying”) policy limits to arrive at the total limits of coverage

Certificates of Insurance

COI Details

"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."

ACORD® — CERTIFICATE OF LIABILITY INSURANCE — DATE (MM/DD/YYYY)

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.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or 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).

PRODUCER

CONTACT NAME:
PHONE (A/C, No, Ext): FAX (A/C, No):
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A :	
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED

COVERAGES — CERTIFICATE NUMBER: — REVISION NUMBER:

THIS IS TO CERTIFY THAT 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. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY; CLAIMS-MADE / OCCUR; GEN'L AGGREGATE LIMIT APPLIES PER: POLICY / PRO-JECT / LOC; OTHER:						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
	AUTOMOBILE LIABILITY; ANY AUTO; OWNED AUTOS ONLY; SCHEDULED AUTOS; HIRED AUTOS ONLY; NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB / OCCUR; EXCESS LIAB / CLAIMS-MADE; DED / RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N; ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH); If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					PER STATUTE / OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

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.

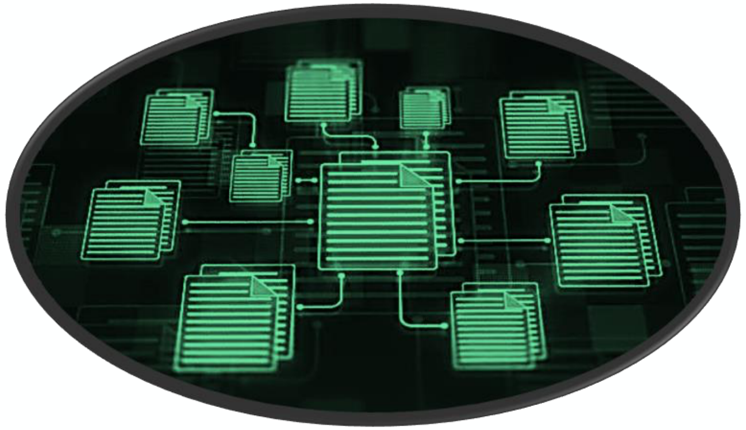
AUTHORIZED REPRESENTATIVE

ACORD 25 (2016/03)

"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)."

Certificates of Insurance ("COI")

- Provides the list of policies in force
- Provides the inception and expiration dates of each line of coverage
- Provides ***information only*** as of the date of issuance
- The Certificate of Insurance alone ***does not*** provide any of the extended coverages that may be required by the insurance requirements, separate endorsements ***must*** be provided



Endorsements

Endorsements

- Separate documents provided in addition to the Certificate of Insurance
- Changes an insurance policy to add, delete, or modify coverage or policy terms
- Can be provided in the following formats:
  - Standard issue forms from the Insurance Services Office (ISO);
  - Custom endorsements drafted by the insurance carrier;
  - Policy document pages (“blanket coverage”)
- Coverage required under an endorsement (or policy pages) can be noted on the Certificate of Insurance, but separate endorsements ***must*** also be provided

❖ *Beware of custom endorsements/documents that may add exclusions or other limitations of coverage*

Endorsements - What to Watch for

Endorsement language can vary, is ever-changing, and can include limitations and non-standard exclusions.

Watch for:

- Coverage is only limited to the amount of contract or what is required by contract (Limit of Liability)
- Coverage is limited to the ***sole*** negligence of the Vendor
- Coverage limited to Ongoing Operations only
(if construction, a Completed Operations endorsement is also needed)
- Coverage exclusions

Additional Insured Endorsements

- Provide the following benefits to the Public Agency
  - Claim Investigation: To determine if the City/Town is “liable” (breached duty)
  - Legal Representation: Attorney to act on the City/Town’s behalf to investigate or answer lawsuit
  - Insurance policy becomes the City/Town’s insurance policy
  - Payment of Damages

- Standard Insurance Services Office (“ISO”) forms provide coverage for
  - Ongoing Operations - CG 20 10 or CG 20 26
    - Provides coverage for the period in which the work is being performed
  - Completed Operations - CG 20 37
    - Provides coverage after construction work is completed

Other Endorsements

- Waiver of Subrogation (Right to Recover)
  - Vendor’s insurance carrier gives up its right to recover damages from the City/Town
- Primary and Non-Contributory
  - Vendor’s insurance will respond to a claim first/initially, the City/Town’s insurance “will be excess”
  - City/Town’s insurance shall not contribute to the claim or settlement
- Notice of Cancellation*
  - 30 Days Notice of Cancellation
  - Modification of coverage
  - Non-renewal

Many carriers do not provide Notice of Cancellation to anyone other than the first Named Insured and will not provide an endorsement.

Recommend contract agreement language that automatically obligates the Vendor to provide notice of cancellation to the Public Agency if the Vendor’s carrier will not provide notice.

Special Events

Special Events

Applicant Organized/Sponsored Events:

- Ensure a Public Agency agreement or permit that includes indemnity and insurance requirements is executed by the Special Event Organizer/Sponsor

- CGL insurance coverage limits vary based on the event activities (a risk evaluation of activities should be completed)

- *Liquor Liability should be required if alcohol is served, sold, or present*

- Other insurance coverage types may be needed (e.g. Automobile Liability, etc.)

Recap

01

Elements

Executed contract

Certificate of Insurance

Policy endorsements

02

Requirements

Be thoughtful about reducing or waiving insurance requirements.

These are business decisions of the Public Agency

03

Recordkeeping

Have good recordkeeping processes

Retain all communications

04

Process

There are many details and moving parts.

It takes time to get comfortable with this process.

Do your best

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