



LITIGATION, INSURANCE AND TORT LIABILITY (LITL) PROGRAM

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SCHOOLS INSURANCE AUTHORITY - SACRAMENTO, CA

BASICS OF INSURANCE AND UNDERSTANDING YOUR MEMORANDUM OF COVERAGE

Today's Presenters



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Purpose of this Presentation

- Help provide an understanding of why insurance is necessary and required in contracts
- Help you interpret the basic components of an insurance policy
- Provide you an overview of certificates of insurance (COIs) and how they relate to the policy
- Importance of Certificate Management

What is Insurance?

- A financial arrangement or contract between an individual or business with an insurance company or authorized entity to provide financial protection and mitigate the risks associated with certain situations or events.
- Why is it Important?
 - Provides financial protection against losses or damages
 - Provides indemnification in exchange for premium paid
 - Is legal Requirement to a contract
 - Peace of Mind
 - Asset Protection
 - Guaranty of business continuity in helping with quicker recovery in the event of a loss



Basic Concepts of Insurance

1. **Policyholder**: The individual or entity that purchases the insurance policy
2. **Insurer**: The insurance company providing the coverage
3. **Policy**: The contract between the insurer and the policyholder outlining the terms of coverage
4. **Indemnification**: The insurer's obligation to restore the insured to the financial position they were in before the loss occurred within the policy's limits
5. **Underwriter**: A professional at the insurance company who evaluates the risk and determines the coverage and pricing of the policy
6. **Broker / Agent**: A professional who negotiates insurance on behalf of the buyer and services the policy during the policy period

Basic Concepts of Insurance (cont)

7. **Coverage**: The protection provided by the insurance policy against specified perils or risks

8. **Claim**: A request made by the policyholder to the insurer for payment based on the terms of the policy

9. **Deductible**: The amount the policyholder must pay out-of-pocket before the insurance company pays a claim

10. **Limit**: The maximum amount an insurer will pay for a covered loss

Types of Insurance

- **Personal Lines:** Protects individuals and their family members from property damage and liability exposures.
 - Homeowners / Renters
 - Personal Auto
 - Personal Umbrella
- **Commercial Insurance:** Protects businesses against risks such as property damage, lawsuits, and employee injuries.
 - Workers Compensation
 - General Liability, Professional Liability
 - Commercial Auto
 - Umbrella
 - Property
- **Life and Health (Employee Benefits):** Financial protection for healthcare, disability, or loss of life. Available through an employer, individual, or government plan.
 - Health Insurance
 - Life Insurance
 - Disability

Principles of Insurance

Understanding these fundamentals can help you make more informed decisions when purchasing or managing insurance and make sure you have the coverage you need to protect assets you are choosing to protect.

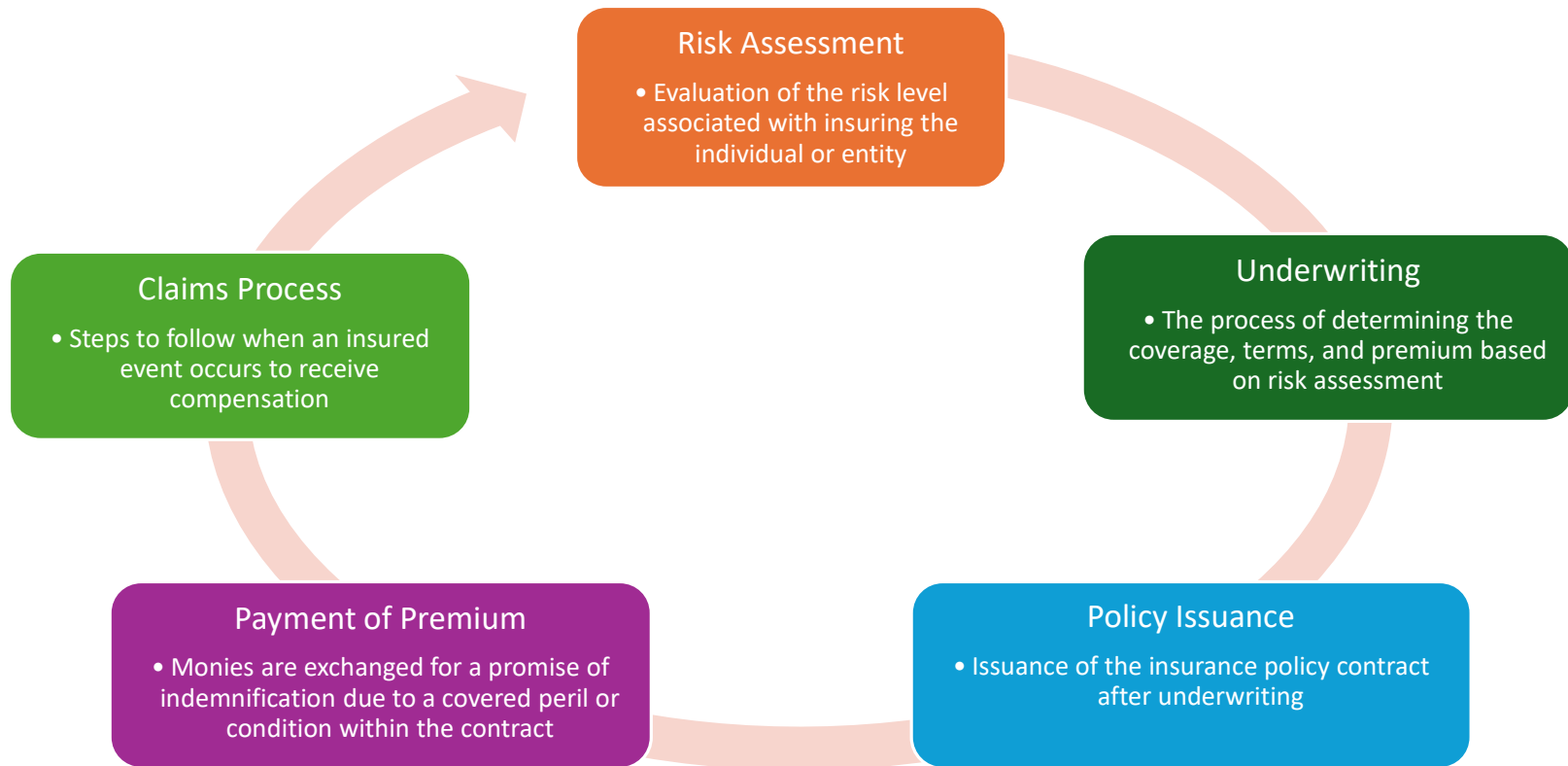
1. **Utmost Good Faith:** Both the insurer and the policyholder must act honestly and disclose all relevant information
 2. **Insurable Interest:** The policyholder must have a stake in the insured object or person
 3. **Indemnity:** Insurance aims to restore the policyholder to their financial position prior to the loss
 4. **Subrogation:** The insurer can pursue a third party that caused the loss, to recover the amount paid to the policyholder
 5. **Contribution:** If multiple insurers cover the same risk, they will share the cost of a claim
- Insurance contracts are created to protect individuals from unexpected events, not to make a profit from losses

Why is Insurance Required?

- **Financial Protection**: Safeguards against unexpected financial losses
- **Risk Management**: Helps manage and mitigate risks
- **Legal Compliance**: Some types of insurance are mandatory and part of a contract
- **Peace of Mind**: Provides security and peace of mind to individuals and businesses



The Insurance Cycle



Components of an Insurance Policy

- An insurance policy is a detailed contract between the insurer and the insured that outlines the terms of coverage. The main parts of an insurance policy typically include:

1. Declarations Page (Dec Page)

- This section provides a summary of the key information about the insurance policy, including:
 - Name of the insured and insurer
 - Policy number
 - Coverage period (effective and expiration dates)
 - Premium amount
 - Coverage limits (General Ag Vs. Occurrence)
 - Deductibles
 - Description of the insured property or person



COMPANY LOGO
FAKE COMPANY
123 FAKE BOULEVARD
TOWNSVILLE, NJ 01234

DECLARATIONS PAGE

POLICY NUMBER: 123-456-7890
COVERAGE PERIOD:
09/31/2008 through 09/31/2009

DATE POLICY ISSUED: *SEPTEMBER 31, 2008*

JOE SAMPLE
567 FAKE ST
CITYVILLE, NJ 02345

ADDITIONAL DRIVERS:
JANE SAMPLE

INSURED PHONE NUMBER (908) 555-1234
INSURED EMAIL: joe@fake.com

VEHICLE	YEAR	MAKE	MODEL	TRIM	STYLE	VIN	PARKED AT:
CAR 1	2007	Fakemobile	STV-3		4-Door	1A2B3CD4E5F6G7H8I9J	567 Fake St
CAR 2	2006	NotRealMobile	IV		Coupe	L5M6N7O8P9Q0R1S2T3	567 Fake St

COVERAGES	LIMITS/DEDUCTIBLES	CAR 1	CAR 2
BODILY INJURY LIABILITY (PER PERSON/PER OCCURRENCE)	\$100,000/\$300,000	\$110	\$104
PROPERTY DAMAGE LIABILITY	\$50,000	\$92	\$84
PERSONAL INJURY PROTECTION	\$250,000	\$504	\$478
UNINSURED / UNDERINSURED MOTORIST COVERAGE	\$100,000/\$200,000	\$31	\$19
COMPREHENSIVE COVERAGE	\$500 Deductible	-	-
COLLISION COVERAGE (PER PERSON/PER OCCURRENCE)	\$500 Deductible	-	-
EMERGENCY ROAD SERVICE	FULL	\$6	\$4
RENTAL	\$30/DAY - \$900 MAX	\$12	\$15
TOTAL PREMIUM PER VEHICLE		\$755	\$704

LOSS PAYEE:
BANK OF USA, PO BOX 123, FAKETOWN, NJ 04567

TOTAL POLICY PREMIUM \$1,459

Components of an Insurance Policy (Cont.)

2. Insuring Agreement

- This section outlines the insurer's promises to the policyholder, including:
 - The types of risks or perils covered
 - The scope and extent of coverage
 - The obligations of the insurer to pay for covered losses

3. Definitions

- This part clarifies the meanings of key terms used within the policy, ensuring both parties understand the specific language and definitions.



Insuring Agreements / Definitions

SECTION I – COVERAGE

1. Insuring Agreement

A. Excess Liability

1. We will pay on behalf of the insured and in excess of "underlying limits" those sums the insured becomes legally obligated to pay as damages for "loss" to which this insurance applies. This insurance applies only if:
 - a. the "loss" is caused by an "event" that takes place in the coverage territory;
 - b. the "loss" occurs during the "policy period;" and
 - c. the "controlling underlying insurance" applies to the "loss."
2. If an aggregate limit of "controlling underlying insurance" is exhausted by the payment of judgments or settlements to which this insurance applies, or would have applied but for the amount of the damages, this insurance will apply in place of the "controlling underlying insurance" until we have paid our applicable Limits of Insurance.
3. When paragraph 2. above applies, ending the "controlling underlying insurance" obligations to investigate and settle claims or defend suits against the insured, we have the right and duty to investigate claims and defend suits which seek damages to which this insurance applies. Our right and duty to defend end when we have paid our applicable Limits of Insurance.
4. When paragraph 2. above does not apply, we have the right, but not the duty, to participate in the investigation or settlement of any claim or the defense of any suit against any insured.
5. We have the right, at our discretion, to settle any claim to which this insurance applies.
6. As respects paragraphs 3. and 4. above, "defense expenses" we incur in the investigation of any claim or defense of any suit will be paid in addition to the Limits of Insurance except when such costs reduce the limits of "controlling underlying insurance," in which case they will reduce our Limits of Insurance.
7. The amount we pay is limited. See SECTION III – LIMITS OF INSURANCE.

SECTION V – DEFINITIONS

The DEFINITIONS sections of the "controlling underlying insurance" are made part of this policy, and apply to words or phrases used in this policy provided always that words or phrases in quotations in this policy will have the meaning given them in this policy.

"Aircraft products" means:

- a. an aircraft;
- b. ground control or support equipment; or
- c. any article, component or device made, sold, licensed, handled or distributed by any insured that is used to achieve, control or maintain flight or landing of an aircraft.

"Asbestos" means the mineral in any form.

"Controlling underlying insurance" means the policy listed in the Schedule of Underlying Insurance shown in the Declarations, or its renewal or replacement, which applies to the "loss," or would have applied but for:

- a. an exclusion in that policy; or
- b. the exhaustion or erosion of an aggregate limit of insurance;

If more than one policy is listed in the Schedule, the "controlling underlying insurance" is the policy which applies to the "loss" or would have applied but for the reasons a. or b. listed above.

"Defense expenses" means expenses we incur to investigate a claim or defend a suit. Defense expenses include interest which accrues on our portion of a judgment, after entry of that judgment and after the insured or any underlying insurer has paid the full amount of their portion of the judgment but before we have paid, offered to pay or deposited in the court the part of the judgment that is within our applicable Limits of Insurance.

"Employment practices" means:

Components of an Insurance Policy (Cont.)

4. Exclusions

- This section details what is not covered by the policy, such as:
 - Specific perils or events
 - Certain types of property or activities
 - Situations and conditions under which coverage is not provided

5. Conditions

- This part outlines the responsibilities and obligations of both the insurer and the insured, including:
 - Procedures for filing a claim
 - Requirements for maintaining coverage
 - Necessary documentation and information
 - Grounds for policy cancellation or non-renewal



2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which an insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by that insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when Paragraph b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph c. below.

b. Excess Insurance

(1) This insurance is excess over:

- (a) Any of the other insurance, whether primary, excess, contingent or on any other basis;
- (i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
- (ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
- (iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
- (iv) If the loss arises out of the maintenance or use of aircraft, autos or watercraft to the extent not subject to Exclusion g. of Section I – Coverage A – Bodily Injury And Property Damage Liability.

(b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured.

Common Endorsement Request – Additional Insured

- An **Additional Insured** is a person or entity added to an insurance policy, aside from the primary insured, and is covered by the policyholder's insurance.
- Adding an additional insured to a Certificate of Insurance (COI) can help protect that party against claims arising from the actions or operations of the primary insured.
- These new individuals or groups are added to the policy by endorsement. Endorsements can name the additional insured within the policy, however, other policies may use a blanket additional insured endorsement.
- A blanket additional insured endorsement automatically provides coverage to any party which the named insured is contractually required to provide coverage for

Common Endorsement Request – Waiver of Subrogation & Primary Non Contributory

- Waiver of Subrogation:** A waiver of subrogation is a provision that prohibits an insurer from pursuing a third party to recover damages for covered losses. Waivers of subrogation are found in various contracts, including construction contracts, leases, auto insurance policies, and more.
- Primary Non Contributory:** Primary and noncontributory is a term commonly used in contract insurance requirements to stipulate the order in which multiple policies triggered by the same loss are to respond. For example, a contractor may be required to provide liability insurance that is primary and noncontributory. This means that the contractor's policy must pay before other applicable policies (primary) and without seeking contribution from other policies that also claim to be primary (noncontributory).

Policy Number:

COMMERCIAL GENERAL LIABILITY
CG 24 53 12 19

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US (WAIVER OF SUBROGATION) – AUTOMATIC

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
ELECTRONIC DATA LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART DESIGNATED SITES
POLLUTION LIABILITY LIMITED COVERAGE PART DESIGNATED SITES
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY DESIGNATED TANKS

The following is added to Paragraph 8. Transfer Of Rights Of Recovery Against Others To Us of Section IV – Conditions:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRIMARY AND NON CONTRIBUTORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

ALL COVERAGE PARTS

Name Of Additional Insured Person(s) Or Organization(s):
Where required by written contract or written agreement
If no entry appears above, this endorsement applies to all Additional Insureds covered under this policy.

Any coverage provided to an Additional Insured under this policy shall be excess over any other valid and collectible insurance available to such Additional Insured whether primary, excess, contingent or on any other basis unless a written contract or written agreement specifically requires that this insurance apply on a primary and noncontributory basis.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

Right of recovery against any person or cause of any payment we make as a result of any loss or damage. This endorsement waives the right of recovery against any person or organization prior to loss.


Aggregate/Occurrence

- **Aggregate Limit**: Ensures overall payout for multiple claims does not exceed a specified amount.
- **Occurrence Limit**: Ensures that payout for a single claim does not exceed a specified amount.

LIMITS OF INSURANCE		
EACH OCCURRENCE LIMIT	\$ 1,000,000	
DAMAGE TO PREMISES RENTED TO YOU LIMIT	\$ 50,000	Any one premises
MEDICAL EXPENSE LIMIT	Excluded	Any one person
PERSONAL & ADVERTISING INJURY LIMIT	\$ 1,000,000	Any one person or organization
GENERAL AGGREGATE LIMIT	\$ 2,000,000	
PRODUCTS/COMPLETED OPERATIONS AGGREGATE LIMIT	\$ 2,000,000	

Certificate of Insurance (COI)

- Evidence or proof that an entity holds an Insurance Policy – a COI is not a contract itself
- The COI briefly outlines the coverage in place such as:
 - Name of Insured
 - Name of Insurance Company
 - Policy Number
 - Effective and Expiration Dates
 - Description section indicating coverage, operations, contract number, etc.
 - Coverage type
 - Auto
 - General Liability
 - Excess Liability
 - Workers Compensation
 - Property



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	TAX No.	TAX No.
	NAME	CLASS	ADDRESS
INSURED	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A		
	INSURER B		
	INSURER C		
	INSURER D		
	INSURER E		

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.

TYPE	TYPE OF INSURANCE	ADD. INSUR.	POLICY NUMBER	POLICY EFF.	POLICY EXP.	LIMITS
<input type="checkbox"/>	COMMERCIAL GENERAL LIABILITY					EACH OCCURRENCE \$
	<input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR					EXCESS OVER UNDERWRITING \$
						PERSONAL & AUTO INJURY \$
						PERSONAL AUTOMOBILE \$
	ANY APPROPRIATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PERCT <input type="checkbox"/> LOC					PRODUCTS - COMMERCIAL \$
	OTHER:					\$
<input type="checkbox"/>	AUTOMOBILE LIABILITY					COMBINED SINGLE LIMIT \$
	<input type="checkbox"/> ANY AUTO <input type="checkbox"/> SCHEDULED					PERSONAL & AUTO INJURY \$
	<input type="checkbox"/> OWNED <input type="checkbox"/> AUTO ONLY					PERSONAL AUTOMOBILE \$
	<input type="checkbox"/> RENTED <input type="checkbox"/> NON-OWNED					PERSONAL AUTOMOBILE \$
	<input type="checkbox"/> AUTO ONLY					PERSONAL AUTOMOBILE \$
<input type="checkbox"/>	UMBRELLA LIAB	<input type="checkbox"/> OCCUR				EACH OCCURRENCE \$
	<input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE					AGGREGATE \$
	DESIGNATED RETIREMENTS					\$
<input type="checkbox"/>	WORKERS COMPENSATION AND EMPLOYERS LIABILITY					PER EMPLOYEE \$
	<input type="checkbox"/> ANY EMPLOYER/EMPLOYEE/EXECUTIVE	<input type="checkbox"/> Y/N				PER EMPLOYEE \$
	<input type="checkbox"/> OFFICERS/DIRECTORS/EXECUTIVES	<input type="checkbox"/> Y/N				PER EMPLOYEE \$
	<input type="checkbox"/> MEMBERSHIP IN N/A					PER EMPLOYEE \$
	IF N/A, describe work description of operations below					E. I. DISEASE - EA EMPLOYEE \$
						E. I. 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)
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The Purpose of a COI

- **Contract Management**: When entering into contracts, parties often request COIs to ensure that all contractual obligations regarding insurance are met.
- **Vendor Management**: Businesses may collect COIs from vendors to confirm that they carry appropriate coverage to protect against potential risks.
- **Event Management**: When organizing events, venues often require COIs to confirm that event organizers have the necessary liability insurance.



When Reviewing COI's

- What to look for?
 - Make sure the **Named Insured** and **address** match the organization you are dealing with
 - Review the name of the **carrier** and even check their financial rating if possible
 - Review the **coverages** listed on the Certificate ie., General Liability, Worker's Compensation, Umbrella, Business Auto Liability
 - Make sure there is a **policy number** assigned for each type of coverage listed
 - Check **Effective date** and **Expiration dates**
 - Confirm that the **limits** requested are reflected on the Certificate
 - Confirm **Additional Insured** or **Waiver of Subrogation** is listed or marked if requested
 - Confirm you are named as **Certificate holder** and that your name and address are correct
 - **Notice of cancellation** clause is included on the Certificate

AM Best Ratings

- Company and Rating Search - Best's Credit Rating Center (ambest.com)
- AM Best is an independent financial rating agency that analyzes the creditworthiness of insurance companies
- Over 16,000 insurance companies
- A financial strength rating is an evaluation of how well the insurance company is performing financially and its ability to pay claims and pay off debts
- Gives a scale of A++ to D



Reviewing Contracts

INSURANCE

Before performing work or conducting any activities at the site of the Project, SUBCONTRACTOR shall comply with all of the insurance provisions set forth below. Commencing to perform work constitutes a representation by SUBCONTRACTOR that it is in compliance with this Section VIII.

(a) **Liability Insurance.** SUBCONTRACTOR shall carry primary Commercial General Liability insurance covering all operations by or on behalf of SUBCONTRACTOR, and actions or omissions by SUBCONTRACTOR, providing insurance for bodily injury and property damage liability for the limits of liability indicated below and including but not limited to coverage for:

- (1) premises and operations
- (2) products and completed operations
- (3) contractual liability insuring tort obligations assumed by SUBCONTRACTOR in this AGREEMENT
- (4) broad form property damage (including completed operations)
- (5) explosion, collapse and underground hazards (including subsidence and any other earth movement)
- (6) personal injury liability

The limits of liability shall be not less than the amounts required of CONTRACTOR under this CONTRACT, but in no event less than:

- \$1,000,000 each occurrence (combined single limit for bodily injury and property damage)
- \$1,000,000 for personal injury liability
- \$2,000,000 aggregate for products-completed operations
- \$2,000,000 general aggregate

For subcontracts in excess of \$1,000,000 an additional \$5,000,000 Excess Liability Insurance policy shall be maintained over the General Liability coverage shall, at a minimum, include coverage for the exposures set forth in items 1-6 above. In addition, SUBCONTRACTOR shall maintain primary products liability and completed operations coverage through the expiration of the period for filing actions based on patent deficiencies as set forth in Section 337.1 of the California Code of Civil Procedure.

Key Considerations

- **Read the Policy Carefully**: It's important to understand all parts of your insurance policy to avoid surprises when filing a claim.
- **Ask Questions**: If any part of the policy is unclear, reach out to the insurer or your insurance broker for clarification.
- **Review Regularly**: Periodically review your insurance policies to ensure they continue to meet your needs as circumstances change.
- **Understand Policy vs. COI**: The policy is the insurance contract between the insured and insurer. The COI is only evidence of the insurance coverage.

Recap and Q&A

- What is Insurance?
- How it Works
- Components of a Policy
- Certificates of Insurance
- Insurance Requirements in Contracts



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