

Topic: BASIC GUIDE FOR CHECKING Page 1 of 7
CERTIFICATES OF INSURANCE Date Issued: October 1, 1993
Section: LIABILITY/PROPERTY Date Revised: April 1, 2009
INSURANCE PROGRAM
Number: XXIII.10.

PURPOSE:

To be used to determine whether Certificates of Insurance comply with standard County contract requirements. To use this procedure, you only need to have a copy of the Certificate of Insurance and the contract it applies to in front of you. This guide will allow you to verify the correctness of most Certificates. Any types of insurance or language not covered in this document should be discussed with the Liability Analyst or Risk Manager at 454-2600.

POLICY:

County contracts and/or agreements, which contain insurance provisions, typically require contractor/vendors to provide Certificates of Insurance as evidence of compliance.

County Procedures Manual Section 300, Title I-21 provides that each department is responsible for obtaining and maintaining Certificates of Insurance and overseeing compliance with the terms of the agreement.

PROCEDURE:

I. Types of Certificates

There are three types of Certificates you will encounter 95% of the time. Two are insurance industry forms called ACCORD forms and the third is a State Compensation Insurance Fund form.

Attachment A to this procedure is a copy of an ACCORD 2.5S form. It is the Certificate of Insurance form you will see most often, and may be used for any of the types of insurance required by the County.

Attachment B is an ACCORD 25 form. You may see this form, although it is usually only used for a limited number of liability insurances still written on older coverage forms. It is occasionally used by smaller brokers who have not updated their supply. This form may show insurances other than liability and is still acceptable to be used for any type of insurance required by the County.

Attachment C is a State Compensation Insurance Fund (SCIF) form 10262, which may only be used as evidence of Workers' Compensation coverage. SCIF is an agency of the State of California that provides Workers' Compensation coverage to small and medium sized companies, which do not purchase commercial insurance or are self insured.

II. General Information

The County contract you are checking may require one or several types of insurance policies and endorsements. The contractor may use different insurance brokers for different types of insurance; therefore, you may receive more than one certificate for each contract. Each broker will only list the types of insurance their agency places. Be sure you have certificates that collectively show all the required coverages and information.

If any certificate does not match the information contained in this guide, you should call the Liability Analyst or Risk Manager at 454-2600. They will assist you in what additional actions may need to be taken and answer any questions you have.

III. Checklist for Certificates (By Form)

A. ACCORD 25S

Please refer to Attachment A for the form and numbers referred to in this checklist.

1. Producer - This space should show the name and address of the insurance broker or insurance agent issuing the certificate.
2. Insured – This space should show the correct name and mailing address of the contractor/vendor.
3. Companies Affording Coverage and Company Letter (Co Ltr) - Since several types of insurance may be shown on one form, the name of the insurer providing each type of insurance is beside one of the letters A -E. The letter assigned to each insurer is then used in the "Co Ltr." box (left margin below coverages) to show which insurer provides which coverage.

Both the "Companies Affording Coverage" and the "Co Ltr" sections should be properly completed.

4. Policy Number - This section should be completed for any type of insurance shown on the certificate.

5. Policy Effective Date - This should show the month, day and year the insurance policy was effective.
6. Policy Expiration Date - This should show the month, day and year the insurance policy will expire. **IMPORTANT:** This date should not be earlier than the effective date of the contract. It is common for the policy to expire during the contract term, however, you must calendar this date or in some other way make sure that you receive a new Certificate of Insurance prior to the termination date of the insurance. The Contractor should be informed of this requirement.
7. Certificate Holder - The County of Santa Cruz, followed by your own department's name and address should be in this box. This is the address where certificates will be sent. **IMPORTANT:** Certificates should be sent to and checked for accuracy by the department issuing each contract. Do not have certificates sent to the Auditor-Controller, Risk Management, County Counsel or the County Administrative Office. If copies are needed by one of these offices, you may make a copy of the one sent to your department. Each contract administrator (operating department) is responsible for assuring County insurance requirements are met.
8. Cancellation - The printed wording on the certificate should have been modified by the broker to cross out the words "ENDEAVOR TO" and the last sentence "BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES". The words which should be crossed out have been circled on Attachment A. Additionally the blank before the word "DAYS" on the third line should be filled in with the number "30". A greater number than 30 is acceptable, numbers less than 30 are not, the operating department needs as much time as possible to have the contractor provide required insurance, less than 30 days is very difficult to obtain insurance products.
9. Authorized Representative - The certificate should be signed here. Facsimile signatures are acceptable, but unsigned certificates are not.
10. General Liability Insurance - If the contract requires Commercial General Liability Insurance, the box next to those words should be filled in with an "X", along with either the box next to the words "CLAIMS MADE" or the word "OCCURRENCE" to the right.

Next, look at the "LIMITS" column on the right hand side. The figures in these boxes are in thousands, so that \$1,000 on this certificate means \$1,000,000 in coverage. The figures in the three boxes with the numeral "10" should show the amounts required by your contract. This should be \$1,000, unless approval for lesser limits has been given by Risk Management. The other boxes in this section may be blank or have lower limits, unless your contract specifically requires certain limits for Products and Completed Operations coverage. In this case, the blank next to "PRODUCTS-COMP/OP AGG" should be filled in with the limit required.

NOTE: If the limits in the boxes marked "10" for General Liability coverage are less than the contract requirements, look to see if there is additional coverage in the section labeled "EXCESS LIABILITY". If this is the case, add the numbers in the boxes in the right hand column for "EXCESS LIABILITY" to the corresponding "GENERAL LIABILITY" numbers. If the total equals or exceeds the required amount in your contract, the certificate is acceptable.

NOTE: County contracts generally require coverage for (a) bodily injury, (b) personal injury, (c) broad form property damage (d) contractual liability, and (e) cross liability.

If the box next to "COMMERCIAL GENERAL LIABILITY" has an "X", you may assume the insurance has these coverage. If not, please call Risk Management.

11. Automobile Liability Insurance - We are only concerned with vehicles or mobile equipment that are used in accomplishing the contract. If your contract requires Automobile Liability, then this section should be completed. An "X" in the box next to the words "ANY AUTO" is acceptable. Any other boxes, may or may not be acceptable depending on which vehicles the Contractor will use in connection with the contract. Please refer to Notes a - e below if boxes other than "ANY AUTO" are filled in, otherwise skip to the paragraph after those items.
 - a. "ALLOWED AUTOS" means only those vehicles that the Contractor owns or leases long term are covered. This box alone is not acceptable if the Contractor will use borrowed, rented or employee vehicles.
 - b. "SCHEDULED AUTOS" means only those vehicles which have been specifically listed in the policy are covered. This is not acceptable if any of the vehicles to be used are not on

the list, or if borrowed, rented or employee vehicles are used.

- c. "HIRED AUTOS" means rented or leased vehicles. This alone is not acceptable if employee-owned, borrowed or company owned vehicles are used.
- d. "NON-OWNED AUTOS" means vehicles owned by employees or others. This alone is not acceptable if company-owned or leased or rented vehicles are used.
- e. "GARAGE LIABILITY" is only relevant for Contractors who store vehicles owned by others.

Next, look at the "LIMITS" column on the right margin. The box beside the words "COMBINED SINGLE LIMIT" should be filled in with an amount equal to or greater than that required in the contract, unless the contract has been modified. Often, contracts are modified when the Contractor is an individual using her/his own vehicle. If this is the case, you will likely receive a different certificate form showing the policy limits per person and per occurrence for bodily injury, with separate limits for property damage. If you are uncertain whether what is shown complies with the contract, contact Risk Management.

- 12. Workers' Compensation and Employers' Liability - If the contract requires Workers' Compensation Insurance, there should be a company letter in the left margin and an "X" should be in the box next to the "STATUTORY LIMITS". The other boxes in this section refer to Employers' Liability Insurance, which is not required.
- 13. Professional Liability - If the contract requires Professional Liability (or Errors and Omissions) Insurance, this coverage will be shown in the "OTHER" section below "WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY". The limits for this coverage should be shown in the blank section on the right of this section and should be equal to or greater than what is required by the contract.
- 14. Additional Insured Language - If the contract requires "The County of Santa Cruz, its officials, employees, agents and volunteers" to be added as an additional insured as respects to the operations and activities of or on behalf of the Contractor (or named insured), that wording should be entered in the section titled "DESCRIPTION OF OPERATIONS (LOCATIONS)"

VEHICLES/SPECIAL ITEMS" or shown on a separate sheet attached to the certificate. If no agents or volunteers are involved in contract activities, a certificate may be accepted without those words. Also the words "as respects to the operations and activities of or on behalf of the named/insured" may be omitted, since they limit, not broaden, coverage.

15. Issue Date - The month, day and year the certificate was issued should appear in the box in the top right corner.

B. ACCORD 25 Form Certificate of Insurance

Please refer to Attachment B for the form and numbers referred to in this checklist. Since most of the form is the same as an ACCORD 25S, only those numbers that are different are described below. Please follow the ACCORD 25S checklist for other numbers not discussed in this section.

If the contract requires Comprehensive or Commercial General Liability Insurance, a company letter should appear and an "X" should appear in the boxes titled "COMPREHENSIVE FORM" "PREMISES/ OPERATIONS", "CONTRACTUAL", "BROAD FORM PROPERTY DAMAGE" and "PERSONAL INJURY". These boxes are below the words "GENERAL LIABILITY". Cross liability is included in the comprehensive form. If the contract specifies other coverages, these should also be confirmed by an "X" in the appropriate box.

Look at the "LIMITS" boxes on the right side of the certificate. The figures in these boxes are in thousands, so that \$1,000 on this certificate means \$1,000,000 limits. The figures in the three boxes with the numeral "10" should show the amounts (or higher) required by your contract. This should be \$1,000 or more unless approval for lesser limits has been given by Risk Management. If the four boxes above these are filled in instead, that is acceptable, as long as the figures equal or exceed what is required in your contract. The "PERSONAL INJURY AGG." box must also be filled in with the same limit.

NOTE: If the limits in this section are less than the contract requirement, look to see if it is additional coverage in the section labeled "EXCESS LIABILITY". If this is the case, add the numbers in the boxes in the right hand column for "EXCESS LIABILITY" to the corresponding "GENERAL LIABILITY" numbers. If the total equals or exceeds the required amount in your contract, the certificate is acceptable.

- a. Automobile Liability Insurance - Follow the checklist for the ACCORD 25S except that a distinction is made on the ACCORD 25 for "ALL OWNED AUTOS", between private passenger

vehicles and other than private passenger vehicles. Also, there is no box for "SCHEDULED AUTOS" - instead the blank box at the bottom would be used for this purpose.

C. State Compensation Insurance Fund Form 10262

If the contract requires Workers' Compensation Insurance, you may receive the certificate instead of an ACCORD 25 or 25S. Please refer to Attachment C and check the following numbers:

1. Space for your department's address - This should be accurately completed. Certificates should be sent to your department's name and address. Do not have certificates sent to the Auditor-Controller, Risk Management, County Counsel or the County Administrative Office. If copies are needed by one or more of these offices, you may make a copy of the one sent to your department. Each contract administrator (operating department) is responsible for assuring County insurance requirements are met.
2. Employer - This section should show the accurate name and address of the Contractor.
3. (Date) - The certificate should be dated, if not here, somewhere else.
4. Policy Number and Certificate Expiration - The policy number and date of expiration should be shown here.