



Understanding Vendor Insurance Requirements

August 2023

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Introduction – Why Bother?

Let's face it, dealing with indemnity and insurance requirements can be tedious. No one likes to haggle about the terms of a contract or worry about whether a contractor has provided the correct insurance. Requesting, obtaining, and verifying insurance for contracted goods and services takes time, can be aggravating, and most often doesn't seem to make any difference, since most contracts are completed without incident. However, when an incident occurs, all those efforts become worth it. Public entities and businesses have saved millions of dollars by successfully tendering claims or suits.

Remember, it is never a good thing to be the one responsible for costing your agency the significant expense of a large claim that could have been tendered to your contractor and paid by its insurance company. So, while it may be tempting to ignore the indemnity and insurance requirements in your contracts and accept whatever the contractor sends you as proof of insurance, consider it a required measure of due diligence that could result in significant savings for the County.

Definitions

General Liability Insurance: Covers claims of bodily injury and property damage.

Product Liability Insurance: is needed to protect against claims of personal injury or property damage caused by a product that the vendor has sold. This can include pharmaceutical drugs and medical devices. (Products Liability would be part of their General Liability policy).

Professional Liability Insurance: Covers claims of negligence or errors made by the Professional. These include licensed health care providers, surveyors, attorneys, architects, engineers, IT designers and more.

Workers' Compensation: Covers employees who get injured or ill from work related incidents. Employers are required by law to have workers' compensation insurance if they have one or more employees.

Sole Proprietors: Sole Proprietors are not required to carry workers' compensation; however, they will need to sign the Sole Proprietorship form that will be provided. (Sample page 1). Please note, if a sole proprietor does hire employees later to complete a job, they will need to purchase workers' compensation insurance.

Cyber Liability Insurance: Covers both first- and third-party financial losses resulting from data breaches and other cybercrimes. Cyber insurance is required for software, computer hardware installation, data access, data integrations, data usage, cloud storage, and technology related contracts.

Commercial Automobile Liability Insurance: Covers the cost of bills and expenses if an owned vehicle is involved in an accident. It should be requested when the vendor is using their vehicle in tasks related to the operator's occupation or business. (Examples would be Amazon, Staples, Landscapers, etc.).

Garage Liability Insurance: Covers a variety of liabilities faced by garage owners. This is required with auto repair shops and towing operators.

Garage Keepers: insurance involves coverage while in the care, custody and control of a business and covers any damage or theft that may occur during that time.

Certificate of Insurance: is a document that provides evidence of coverage(s) and limits for the insured party. The County of Ventura (and any special districts if applicable) must be listed as a certificate holder. (Sample page 2 for a blank copy and Sample page 3 for a guide of each box on the certificate.)

Additional Insured Endorsements: An endorsement is an addendum to an insurance policy that broadens or restricts coverage provided by the policy. An additional insured endorsement extends coverage to a party specified by the policyholder in the event of a claim or negligent acts. (Sample page 4 is a “specific” additional insured endorsement and sample page 5 is a “generic” additional insured endorsement, where it’s per contract or agreement). Please note there are several variations of Additional Insured Endorsements.

All contracts that require General Liability Insurance should also include an Additional Insured Endorsement. This provides coverage to the county under the contractor/vendors insurance policy. (Example: Should the county receive a claim due the vendors negligence, the county could tender that claim to the vendors insurance carrier since we are listed as an additional insured on their policy). It is important to note, simply being listed as a certificate holder does not confer any rights to the County. The certificate itself states so.



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 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).

The County of Ventura and any Special Districts needs to be listed as an “Additional Insured” and receive the actual Additional Insured Endorsement.

Waiver of Subrogation: A Waiver of Subrogation waives their right to recover against us on a Workers Compensation claim. A waiver of subrogation endorsement, also known as “Waiver of Our Right to Recover from Others Endorsement” is provided by the vendor’s insurance company and added to their policy. This is only required with Workers’ Compensation. (Sample page 6 is a “specific” waiver of subrogation and sample page 7 is a “generic” waiver of subrogation.)

Insurance Waivers: Insurance requirements can be waived. The decision to waive insurance is a decision made by the Agency with approval from the Agency Director. All waivers require the proper completion of the Request to Waive or Alter Insurance Requirements form (sample page 8.) It is important to remember that insurance is a critical risk management tool, and waiving insurance requirements can expose both parties to potential financial risk. Any decision to waive insurance requirements should be carefully considered. Maintaining appropriate insurance coverage is the best course of action.

County of Ventura Vendor Insurance Guidelines

Evaluating the levels of risk involved in providing specific services or products and determining the necessary levels of insurance coverage can be done by reviewing the **County of Ventura Vendor Insurance Guidelines** on page 9.

Most (about 90%) exposures will fall within the Standard Risk Exposure column. No matter what exposure the risk falls within, the same insurance requirements of the certificate of insurance, additional insured endorsement and waiver of subrogation applies.

General Liability and Workers' compensation are standard to request, however other coverages such as commercial auto, professional liability, cyber liability could apply.

When collecting the proper insurance documents, you will **never** have only one page. You should have at least three pages. The certificate of insurance, additional insured endorsement, and waiver of subrogation. If they do not have workers' compensation, they still will need to provide you with a Sole Proprietorship letter which would take the place of the waiver of subrogation, again giving you 3.

Risk Management has put together a **checklist** on page 10 to help make sure that all required information is collected.

Workers' Compensation
Certification of Sole Proprietorship

I _____, understand that the County requires its vendors/contractors to carry workers' compensation coverage as requested by the California Labor Code. I certify that I am the/an owner of this company or am a sole proprietor, and I have no employees.

Signature

Date

Certificate of Liability Insurance (Annotated Form)

2 This notice confirms the provisions of the California Insurance Code, §384. Other states have similar provisions. It states that the policy, not the certificate governs coverage.

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If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the issue of such endorsement(s).

<p>PRODUCER</p> <p>This block identifies the Agent or Broker. 1</p>	<p>CONTACT NAME:</p> <p>PHONE (A/C, No, Ext): FAX (A/C, No):</p> <p>E-MAIL ADDRESS:</p>
<p>INSURED</p> <p>The insured is your entity's contractor or lessee. 4</p>	<p>INSURER(S) AFFORDING COVERAGE</p> <p>INSURER A: 3</p> <p>INSURER B:</p> <p>INSURER C:</p> <p>INSURER D:</p> <p>INSURER E:</p> <p>INSURER F:</p> <p>The insurer will be identified here. The insurer letter appears again near the left margin at "3" to show which insurer provides which coverage.</p>

COVERAGES **CERTIFICATE 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 HAVE BEEN REDUCED BY PAID CLAIMS.

INSUR LTR	TYPE OF INSURANCE	ADDL	EXPIR	PO	LIMITS
*3	COMMERCIAL GENERAL LIABILITY				
	<input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER				
	AUTOMOBILE LIABILITY				
	<input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRE/AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				
	UMBRELLA LIAB				
	<input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$				
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N		N/A	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be used)

9 This section will usually be used to restrict coverage to a specific job or lease. Watch for restrictions that would omit the coverage required by your specifications.

7 These two columns show inception and expiration dates for policies identified. Pay special attention that coverage does not expire before or during your project or lease.

6 These sections show the type of coverage provided through the agent or broker identified in "1" above. If the insured uses more than one broker, this certificate will not identify all existing.

5 This notice again states that the policy supersedes the certificate form.

8 This column identifies limits per occurrence and aggregate for each type of coverage afforded. Pay special attention to low aggregate limits for public works-type contractors. Losses on other jobs may reduce your coverage.

<p>CERTIFICATE HOLDER</p> <p>10 Certificate holder is your entity.</p>	<p>CANCELLATION</p> <p>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.</p> <p>11 Cancellation provisions</p>
	<p>AUTHORIZED REPRESENTATIVE</p> <p>12 The authorized representative of the insurer should be an employee, unless the agent or broker is specifically authorized to sign on behalf of the company.</p>

**EXAMPLE
"SPECIFIC" ADDITIONAL
INSURED ENDORSEMENT**

POLICY NUMBER: _____

**COMMERCIAL GENERAL LIABILITY
CG 20 10 12 19**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – OWNERS, LESSEES OR
CONTRACTORS – SCHEDULED PERSON OR
ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)	Location(s) Of Covered Operations
COUNTY OF VENTURA ATTENTION: VENTURA COUNTY SHERIFF'S OFFICE 800 S. VICTORIA AVE VENTURA, CA 93009	
COUNTY OF VENTURA 800 S. VICTORIA AVE VENTURA, CA 93009	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and

2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**EXAMPLE
"BLANKET" ADDITIONAL
INSURED ENDORSEMENT**

POLICY NUMBER: _____

COMMERCIAL GENERAL LIABILITY
CG 20 26 12 19

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – DESIGNATED
PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):

Any person or organization you are required to add as an additional insured to this policy by written contract or written agreement which is currently in effect or coming into effect during the term of this policy and executed prior to the occurrence of any "property damage", "bodily injury", or "personal and advertising injury".

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations; or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance:

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable limits of insurance;
- whichever is less.

This endorsement shall not increase the applicable limits of insurance.

EXAMPLE
"SPECIFIC" WAIVER OF SUBROGATION

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

WC 00 03 13

POLICY NUMBER:

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

SCHEDULE

COUNTY OF VENTURA

ATTENTION: VENTURA COUNTY SHERIFF'S OFFICE

800 S. VICTORIA AVE, VENTURA, CA 93009

COUNTY OF VENTURA, 800 S. VICTORIA AVE, VENTURA, CA 93009

LOCATIONS:

RE:

RE:

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.
(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective 07-01-2022 Policy No.

Endorsement No. 002

Insured

Premium \$ INCL.

Insurance Company OLD REPUBLIC INSURANCE COMPANY

Countersigned By



DATE OF ISSUE: 10-19-22

EXAMPLE
"GENERIC" WAIVER OF SUBROGATION

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

WC 04 03 06

**WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT -
CALIFORNIA**

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be _____ % of the California workers' compensation premium otherwise due on such remuneration.

SCHEDULE

PERSON OR ORGANIZATION	JOB DESCRIPTION
AS REQUIRED BY CONTRACT OR AGREEMENT	

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.
(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective: 01-01-15 Policy No. _____ Endorsement No. _____
Insured _____ Premium \$ INCL. _____
Insurance Company _____
Countersigned By _____

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REQUEST TO WAIVE / ALTER VENDOR INSURANCE REQUIREMENTS

Please submit completed/approved form with Purchase Requisition and Scope of Work

Agency/Department: _____

Date: _____

Requestor: _____

Phone #: _____

Vendor Name: _____

RQS No: _____

<p style="text-align: center;"><input type="checkbox"/> Low Risk</p> <p>Seminars, workshops, low to moderate physical activity training (yoga, light exercise), clerical or office duties, etc.</p> <p>Insurance Requirements:</p> <ul style="list-style-type: none"> Commercial General Liability: \$500,000 per Occurrence/\$500,000 Annual Aggregate 	<p style="text-align: center;"><input type="checkbox"/> Standard Risk</p> <p>Equipment maintenance or repair, equipment rental with operator (excluding cranes), towing, filming projects, most lessees, software development for COV stored data, Drone use, facility repairs, construction, cell towers, mechanical equipment purchase, equipment installation on county property, design professional, software purchase or license with electronic data storage, etc.</p> <p>Insurance Requirements:</p> <ul style="list-style-type: none"> Commercial General Liability: \$1,000,000 per Occurrence/\$2,000,000 Annual Aggregate
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Additional risk may be posed depending on the contractor's work. This could include the following:

- Commercial Auto Liability: \$1,000,000 each accident
- Professional Liability (Errors & Omissions/Medical Malpractice) Coverage: \$1,000,000 per Occurrence/\$2,000,000 Annual Aggregate
- Cyber Liability (Security & Privacy) Coverage: \$1,000,000 per Occurrence/\$2,000,000 Annual Aggregate

Requested change to Posted Insurance Guidelines/Recommendations:

	<u>Waive</u>	<u>Alter/Reduce</u>	<u>Explanation of Alteration (if applicable)</u>
General Liability	<input type="checkbox"/>	<input type="checkbox"/>	
Commercial Auto	<input type="checkbox"/>	<input type="checkbox"/>	
Professional Liability	<input type="checkbox"/>	<input type="checkbox"/>	
Cyber Liability	<input type="checkbox"/>	<input type="checkbox"/>	
Other	<input type="checkbox"/>	<input type="checkbox"/>	

Reason for Request: _____

Department/Agency Head Signature: _____

Signature acknowledges Department/Agency acceptance of increased liability and potential claims costs.

**COUNTY OF VENTURA
VENDOR INSURANCE GUIDELINES
(INTERNAL USE ONLY)**

Contractors doing work for or on behalf of the County of Ventura must be held responsible for their work. To protect the County against loss due to accidents or injuries caused by contractor operations, the County has established vendor insurance guidelines. In general, contractors, are required to protect their own workers with workers' compensation insurance, and protect their own company and the County with general liability insurance, as well as other coverages needed for the particular risk posed by the contractor's work. This could include commercial auto, professional liability, and security & privacy (cyber) coverage, as well as others. Establishing insurance levels cannot be held to hard and fast rules, and that the document provides "guidelines" applicable about 90% of the time.

RISK EXPOSURE - EXAMPLES

<u>Low Risk Exposure</u>	<u>Standard Risk Exposure</u>	<u>High Risk Exposure</u>
Seminars, workshops, classroom training, low to moderate physical activity training (yoga, light exercise), clerical or office duties.	Equipment maintenance or repair, equipment rental with operator (excluding cranes), towing, filming projects, most leases, software development for County of Ventura stored data, Drone use, facility repairs, construction, cell towers, mechanical equipment purchase, equipment installation on County property, design professional, software purchase or license with electronic data storage (cloud), professional services.	Hazardous materials abatement/ disposal, road design, building design, construction projects, crane operations, aircraft repair, aviation, fuel suppliers, health care services, pyrotechnics, food services for the public, any services provided to minors.
<u>Insurance Requirements</u>	<u>Insurance Requirements</u>	<u>Insurance Requirements</u>
Commercial General Liability	Commercial General Liability	Commercial General Liability
\$500,000 per Occurrence	\$1,000,000 per Occurrence	Specific Insurance Requirements
\$500,000 Annual Aggregate	\$2,000,000 Annual Aggregate	determined by Risk Management
(Including an additional insured endorsement naming the County of Ventura and any Special Districts as an additional insured.)		
Workers' Compensation (statutory)	Workers' Compensation (statutory)	Workers' Compensation (statutory)
Must include a Waiver of Subrogation. Workers' Compensation is not required if the vendor is a sole proprietor or partner.		

Commercial Auto Insurance defined by the DMV is insurance designed for vehicles used for business purposes.

*Commercial Auto Liability
\$1,000,000 each accident*

In some cases, professional liability coverage will be required. Some professionals that require this type of coverage include: licensed health care providers, surveyors, attorneys, architects, engineers and IT design.

Professional Liability (Errors & Omissions/Medical Malpractice) Coverage

\$1,000,000 per Occurrence/\$2,000,000 Annual Aggregate (\$1,000,000 per Occurrence/\$3,000,000 Annual Aggregate for Physicians)

Contractors developing or maintaining software, or accessing or storing data that contains private information, such as medical records, social security numbers or financial data, require protection against losses such as damage or theft of data, release of private info, and breach of network security.

Cyber Liability (Security & Privacy) Coverage

\$1,000,000 per Occurrence/\$2,000,000 Annual Aggregate

If a Contractor's business generates hazardous waste *Pollution Coverage* will be needed in the amount of

\$1,000,000 per Occurrence/\$2,000,000 Annual Aggregate

**INTERNAL
CHECKLIST FOR PROOF OF INSURANCE**

- _____ Certificate of insurance.
- _____ Do they have General Liability Insurance coverage with \$1M per occurrence and \$2M annual aggregate? (Or whatever was required in the contract).
- _____ Does the insured name match the person/company as the contract/agreement?
- _____ Does the start date fall within the policy period?
- _____ Does the certificate holder say the County of Ventura (and the special district if applicable)?
- _____ Have they provided an Additional Insured Endorsement along with the Certificate of Insurance naming the County of Ventura (and the special district if applicable) as an additional insured? **OR** it can be a blanket endorsement stating per a contract or agreement.
- _____ Is the policy number on the Additional Insured Endorsement and does it match the one on the certificate?
- _____ If they have employees have they provided Workers' Compensation coverage? (This can be provided on the same certificate as the General Liability or on a separate certificate.)
- _____ If they provided Workers' Compensation insurance have they provided a Waiver of Subrogation endorsement?
- _____ Is the policy number on the Waiver of Subrogation and does it match the Workers' Compensation policy number on the certificate?
- _____ If they do not have employees, have they signed a Sole Proprietorship statement?
- _____ If required by contract, do they have Commercial Auto Liability Insurance, Cyber Liability Insurance (Security & Privacy), Professional Liability insurance, etc. with limits required in the contract?