

# Memorandum

DATE: January 10, 1997  
TO: Planning Director Rodney Scheel  
FROM: Finance Director John D. Neal  
RE: Insurance Requirements

To assist you in obtaining the appropriate insurance coverage as you coordinate construction projects:

1. The specific language from Standard Contract Insurance Specifications, as prepared and issued by many engineering and construction firms, does not always adequately fully protect the City against loss which arises from the performance of the contract.
2. Requiring staff (myself and the City Attorney), to review diverse insurance documents to “ferret out” language not in our best interests, and conversely to request the insertion of language beneficial to the City, is a time-consuming, expensive proposition, fraught with the potential for error.
3. In order to eliminate the problems listed above, the City’s policy is to require the firms we contract with to obtain an authorized signature on the City’s “Insurance Endorsement Forms” (samples attached).
4. This form, upon completion by the contractor’s insurer, is to be provided to the City’s Risk Manager (JDN), for review and approval. The form and underlying Certificate of Insurance should then be attached to and made a part of the contract with the involved vendor (engineer or contractor).
5. In addition to the above forms, we have an overall “Insurance Requirements” document which should be given to the contractor and forwarded by them to their insurer’s agent.
6. The underlying theme of our approach to risk management is that it is the contractor’s responsibility to provide proof, and a guarantee signed by their insurer, that the City’s insurance requirements are met.
7. In conclusion, a final contract with any contractor will include:
  - a) The Contract -- with verbiage referencing attached insurance documents.
  - b) A Certificate of Insurance from the contractor’s insurer providing coverages outlined in our “Insurance Requirements” letter, naming the City an additional named insured.
  - c) Properly executed “Endorsement Forms”.

JDN:psw

Attachments

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**City of Stoughton**  
**General Uniform Contract Insurance Requirements**

Contractor shall procure and maintain for the duration of the contract, insurance against claims for injuries to persons, or damages to property, which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

**A. Inform Contractors Early in the Process**

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (“occurrence: form CG 0001, Ed. 11/88)
2. Insurance Services Office form number CA 0001 (Ed. 6/92) covering Automobile Liability, code 1 “any auto.”
3. Workers’ Compensation insurance as required by the Labor Code of the State Wisconsin and Employers’ Liability insurance.
4. \* Commercial Property Insurance, for “All Risks”, optionally excluding Earthquake and Flood, “Agreed Value” coverage option (no coinsurance clause).
5. \* Professional Liability/Errors and Omissions.

**B. Minimum Limits of Insurance**

Contractor shall maintain limits no less than:

1. Commercial General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. The general aggregate limit shall apply separately to this project or the general aggregate shall be twice the required occurrence limit.
2. Automobile liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
3. Workers’ Compensation and Employers’ Liability: Workers’ Compensation limits as required by the Labor Code of the State of Wisconsin and Employers’ Liability limits of \$1,000,000 per accident. (This exceeds state minimum of \$100,000/\$300,000 for E.L., but is usually preferred by Umbrella Underwriters for GL coverage.)
4. Commercial Property: Limits as required by the City of Stoughton to fit the risk.  
\$ \_\_\_\_\_
5. Professional Liability/Errors and Omissions: Minimum \$1 million (project specific).

\*Note: Nos. 4 and 5 are at the request of the City of Stoughton depending upon the nature of contract being administered.

**C. Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, neither the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees, and volunteers; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

**D. Other Insurance Provisions**

The policies are to contain, or be endorsed to maintain, the following provisions:

**1. *Commercial General Liability and Automobile Liability Coverages***

a. The City, its officers, employees and volunteers are to be covered as insureds as respects liability arising out of activities performed by or on behalf of the Contractor including the insured's general supervision of the Contractor; products and completed operations of the Contractor; premises owned, occupied or used by the Contractor, or automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees or volunteers.

b. The Contractors' insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self- insurance maintained by the City, its officers, officials, employees or volunteers shall be excess of the Contractor's insurance and shall not contribute to it.

c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its officers, officials, employees or volunteers.

d. The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

**2. *Workers' Compensation and Employer's Liability Coverage***

The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, employees and volunteers for losses arising from work performed by the Contractor for the City.

**3. *Property Insurance***

Insurer shall agree to waive all rights of subrogation against the City. Insurer shall issue standard Loss Payee clause naming City as Loss Payee.

**4. *Professional Liability/Errors and Omissions Coverage***

All provisions apply as stated in Section D-1 (a) through (d), except that coverage is provided on a "Claims-made" basis with at least one year extended reporting period, or longer upon request. The insurance provided includes all liability assumed by the contractor for the specified project contract. It is understood that the named insured is the contractor and his subcontractors and assigns.

5. *All Coverages*

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after sixty (60) days' prior written notice by certified mail, return receipt requested, has been given to the City.

**E. Acceptability of Insurers**

Insurance is to be placed with insurers with a Best's rating of no less than A-VII. Said carriers to be admitted status with the State of Wisconsin.

**F. Verification of Coverage**

Contractor shall furnish the City with certificates of insurance and with original endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms provided (see attached City Endorsement Forms) or approved by the City; for Workers' Compensation-related risks, only forms approved by the Insurance Commissioner are to be used. **All certificates and endorsements are to be received and approved by the city before work commences.** The City reserves the right to require complete, certified copies of all required insurance policies at any time.

**G. Subcontractors**

Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each contractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

**City of Stoughton  
Insurance Endorsement Form  
(General Liability)**

This endorsement is issued in consideration of the policy premium. Notwithstanding any inconsistent expression in the policy to which this endorsement is attached, or in any other endorsement now or hereafter attached thereto, or made a part thereof, the protection afforded by said policy shall include the following:

1. Additional Insured: With respect to such insurance as is afforded by this policy, the City of Stoughton and its officers, employees, elected officials, volunteers, and members of boards and commissions shall be named as additional insured. This additional insured coverage only applies with respect to liability of the named insured or other parties acting on their behalf arising out of the activities of the undertaking specified in paragraph No. 5 below (Indemnification Clause).
2. Cross Liability Clause: The insurance afforded applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the company's liability.
3. Occurrence Based Policy: This policy shall be an "occurrence-based policy".
4. Primary Insurance: For the risks covered by this endorsement, this insurance shall provide primary insurance to the City to the exclusion of any other insurance or self-insurance program the City may carry with respect to claims and injuries arising out of activities of the Contractor or otherwise insured hereunder.
5. Indemnification Clause: The underwriters acknowledge that the named insured shall indemnify and save harmless the City against any and all claims resulting from the wrongful or negligent acts or omissions of the named insured or other parties acting on their behalf in the undertaking specified as (list activity location and date(s) of event to include set-up and clean-up dates).

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6. Investigation and Defense Costs: Said hold harmless assumption on the part of the named insured shall include all reasonable costs necessary to defend a lawsuit including attorney fees, investigators, filing fees, transcripts, court reporters, and other reasonable costs of investigation and defense.
7. Reporting provisions: Any failure to comply with the reporting provisions of the policy shall not affect coverage provided to the City.
8. Cancellation: This policy shall not be canceled except by written notice to the Risk Manager at City of Stoughton, at least sixty (60) days prior to the date of such cancellation.
9. Limits of Liability: This policy shall provide minimum limits of liability of \$1,000,000, combined single limit coverage against any injury, death, loss or damage as a result of wrongful or negligent acts or omissions by the named insured.
10. Comprehensive Coverage: This policy shall afford coverage at least as broad as Commercial General Liability "Occurrences" Form CG00011188 and shall include the following:

A. General Liability

- (1) Comprehensive Form
- (2) Premises/Operations
- (3) Independent Contractors Liability

- (4) Broad Form Property Damage
- (5) Personal Injury
- (6) Products, Completed Operations
- (7) Contractual
- (8) Explosions, collapse, or underground property damage

Note: If this is a Homeowner's Policy in lieu of Commercial General Liability, it shall afford coverages at least as broad as a Homeowners ISO Form II from Wisconsin and shall include comprehensive personal liability.

This policy shall provide the dollar limit specified in paragraph 9 with the following additional coverage where boxes below are checked.:

11. Host Liquor Liability

12. Liquor Law Liability

13. Other \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

The limits of liability as stated in this endorsement apply to the insurance afforded by this endorsement notwithstanding that the policy may have lower limits of liability elsewhere in the policy.

This endorsement is effective \_\_\_\_\_ at 12:01 a.m. and forms a part of Policy No. \_\_\_\_\_.

Named Insured \_\_\_\_\_

I, \_\_\_\_\_ (*print/type name*) warrant that I have authority to bind the above listed insurance company, and by my signature hereon do so bind this company.

By \_\_\_\_\_  
(*Signature of Authorized Representative*)

Approved \_\_\_\_\_  
(*City Risk Manager*) (Date)

***PLEASE ATTACH CERTIFICATE OF INSURANCE.***

**City of Stoughton**  
**Insurance Endorsement Form**  
**(Professional Liability Errors and Omissions)**

Notwithstanding any inconsistent expression in the policy to which this endorsement is attached, or in any other endorsement now or hereafter attached thereto, or made a part thereof, the protection afforded by said policy shall include the following:

1. Cross Liability Clause: The insurance afforded applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the company's liability.
2. Claims-Made Policy: This policy shall be a "claims-made policy," with a one (1) year extended reporting period covering the errors and omissions (professional malpractice) of any and all architects, engineers, physicians, dentists, psychologists, or other professionals or their agents arising out of the operations or activities specified in paragraph No. 5 below (Indemnification Clause).
3. Primary Insurance: For the risks covered by this endorsement, this insurance shall provide primary insurance to the City to the exclusion of any other insurance or self-insurance program the City may carry with respect to claims and injuries arising out of activities of the Contractor or otherwise insured hereunder.
4. Contractual Liability: The insurance company agrees that the insurance afforded by this policy contains no exclusions for contractual liability assumed through the execution of this contract for professional services, including coverage for liability that would be imposed on the named insured even in the absence of the contract.
5. Indemnification Clause: The insurance company agrees to pay on behalf of the insured all amounts in excess of any deductible and within policy limits which the named insured becomes legally obligated to pay as a result of a wrongful act or omission by the insured or any entity for whom the insured is legally liable in providing professional services, occurring anywhere in the world.

This indemnification agreement shall include payment for all reasonable cost necessary to defend a claim or lawsuit (including but not limited to attorney's fees and investigation fees) as a result of the liability of the City assumed by the named insured which arises from the wrongful act or omission by the named insured.

"Wrongful act" shall mean a negligent act, error or omission by the named insured, or any entity for whom the named insured is legally liable, arising out of the performance or failure to perform professional services.

6. Reporting provisions: Any failure to comply with the reporting provisions of the policy shall not affect coverage provided to the City.
7. Cancellation: This policy shall not be canceled except by written notice to the Risk Manager at City of Stoughton, at least sixty (60) days prior to the date of such cancellation.
8. Limits of Liability: This policy shall provide minimum limits of liability of liability of one million dollars (\$1,000,000) combined single limit coverage against any injury, death, loss or damage as a result of wrongful or negligent acts or omissions by the named insured or their agents.

The limits of liability as stated in this endorsement apply to the insurance afforded by this endorsement notwithstanding that the policy may have lower limits of liability elsewhere in the policy.

This endorsement is effective \_\_\_\_\_ at 12:01 a.m. and forms a part of Policy No. \_\_\_\_\_.

Named Insured \_\_\_\_\_

By \_\_\_\_\_  
(Signature of Authorized Representative)

Approved \_\_\_\_\_  
(City Risk Manager) (Date)

***PLEASE ATTACH CERTIFICATE OF INSURANCE.***

**City of Stoughton  
Insurance Endorsement Form  
(Business Auto Liability)**

This endorsement is issued in consideration of the policy premium. Notwithstanding any inconsistent expression in the policy to which this endorsement is attached, or in any other endorsement now or hereafter attached thereto, or made a part thereof, the protection afforded by said policy shall include the following:

1. Additional Insured: With respect to such insurance as is afforded by this policy, the City of Stoughton and its officers, employees, elected officials, volunteers, and members of boards and commissions shall be names as additional insured. This additional insured coverage only applies with respect to liability of the named insured or other parties acting on their behalf arising out of the activities of the undertaking specified in paragraph No. 5 below (Indemnification Clause).
2. Cross Liability Clause: The insurance afforded applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the company's liability.
3. Occurrence Based Policy: This policy shall be an "occurrence-based policy".
4. Primary Insurance: For the risks covered by this endorsement, this insurance shall provide primary insurance to the City to the exclusion of any other insurance or self-insurance program the City may carry with respect to claims and injuries arising out of activities of the Contractor or otherwise insured hereunder.
5. Indemnification Clause: The underwriters acknowledge that the named insured shall indemnify and save harmless the City of Stoughton against any and all claims resulting from the wrongful or negligent acts or omissions of the named insured or other parties acting on their behalf in the undertaking specified as (list activity location and date(s) of event to include set-up and clean-up dates).

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6. Investigation and Defense Costs: Said hold harmless assumption on the part of the named insured shall include all reasonable costs necessary to defend a lawsuit including attorney fees, investigators, filing fees, transcripts, court reporters, and other reasonable costs of investigation and defense.
7. Reporting provisions: Any failure to comply with the reporting provisions of the policy shall not affect coverage provided to the City.
8. Cancellation: This policy shall not be canceled except by written notice to the Risk Manager at City of Stoughton, at least sixty (60) days prior to the date of such cancellation.
9. Limits of Liability: This policy shall provide minimum limits of liability of \$1,000,000, combined single limit coverage against any injury, death, loss or damage as a result of wrongful or negligent acts or omissions by the named insured.
10. Comprehensive Coverage: This policy shall afford coverage at least as broad as (Occurrence) Form CA0001692 Code 1 "any auto" and shall include the following:

A. General Liability

- (1) All licensed vehicles and equipment used in the project

- (2) Uninsured or Underinsured Motorists Liability Coverage
- (3) Elimination of Pollution Exclusion (on request)

The limits of liability as stated in this endorsement apply to the insurance afforded by this endorsement notwithstanding that the policy may have lower limits of liability elsewhere in the policy.

This endorsement is effective \_\_\_\_\_ at 12:01 a.m. and forms a part of Policy No. \_\_\_\_\_.

Named Insured \_\_\_\_\_

I, \_\_\_\_\_ (*print/type name*) warrant that I have authority to bind the above listed insurance company, and by my signature hereon do so bind this company.

By \_\_\_\_\_  
*(Signature of Authorized Representative)*

Approved \_\_\_\_\_  
*(City Risk Manager)* *(Date)*

***PLEASE ATTACH CERTIFICATE OF INSURANCE.***