Insurance Compliance

for PWE Consultants Training

Disclaimer

- This presentation is intended for informational purposes only. It does not constitute legal advice or bind the City in any manner. Please consult with the Office of the City Attorney before relying upon anything contained herein.

- Consultants must refer to their contract with the City to see what specific insurance coverage is required.

Legal Department Contact

Name	Position	Phone	E-mail
Arnold Colunga	Assistant City Attorney	(832) 393-6432	arnold.colunga@houstontx.gov

General Insurance Requirements

(as of 10/22/15)

COVERAGE	LIMIT OF LIABILITY
Workers' Compensation	Statutory for Workers' Compensation
Employer's Liability	• Bodily Injury by Accident $100,000 (each accident) • Bodily Injury by Disease $100,000 (policy limit) • Bodily Injury by Disease $100,000 (each employee)
Commercial General Liability: Bodily and Personal Injury; Products and Completed Operations Coverage	Bodily Injury and Property Damage, Combined Limits of $1,000,000 each Occurrence, and $1,000,000 aggregate
Automobile Liability	$1,000,000 combined single limit for (1) Any Auto or (2) All Owned, Hired, and Non-Owned Autos
Professional Liability Coverage	$1,000,000 per occurrence; $1,000,000 aggregate
Excess Liability Coverage for Commercial General Liability and Automobile Liability	$1,000,000
Aggregate Limits are per 12-month policy period unless otherwise indicated.	

Summary of Insurance Changes for FY2016

1. Contract Language
   a. Language was simplified and condensed from four pages to two pages

   b. It still says the same thing, with the following changes

2. Less Endorsements
   a. In an effort to simplify, and to acknowledge that times change, the City now simply asks for the required coverages, and doesn't specify the form of coverage

   b. One reason: Additional Insured and Waiver of Subrogation are becoming standard language in policies

Summary of Insurance Changes for FY2016

3. *In re Deepwater Horizon*
   a. The City now asks to "enjoy the same coverage as the Named Insured without regard to other Contract provisions."

   b. Case touched on how coverage is extended to other parties in an agreement, and the City was concerned because of the two competing theories it represented (knock-for-knock v written agreement).

4. Professional Liability Coverage Change
   a. OLD: $2,000,000 per claim/aggregate
   b. NEW: $1,000,000 per occurrence, $1,000,000 aggregate

Certificate of Insurance

The City of Houston Certificate of Insurance may still be used.

a. The current certificate is located on the Strategic Purchasing Division's ("SPD") website.
b. Policy change occurred in January 2015.

The standard ACORD Certificate of Insurance may also be used.

CoH Certificate of Insurance

Form Number: HOU1
Edition Date: 10/12/2012

CERTIFICATE OF INSURANCE FOR SERVICES

This certificate of insurance is provided for informational purposes only. This certificate does not confer any rights or obligations other than the rights and obligations conveyed by the policies referenced on this certificate. The terms of the referenced policies control over the terms of this certificate.

Prior to the beginning of work, the vendor shall obtain the minimum insurance and endorsements specified. Agents must complete the form providing all requested information and submit by fax, U.S. mail or e-mail as requested by The City of Houston. The endorsements listed below are required as attachments to this certificate; copies of the endorsements are also acceptable. PLEASE ATTACH ALL ENDORSEMENTS TO THIS FORM, AND INCLUDE THE MATCHING POLICY NUMBER ON THE ENDORSEMENT. Only City of Houston certificates of insurance are acceptable; commercial carriers' certificates are not.

Producer: _____

Street/Mailing Address: _____

City: State: Zip Code: Phone#:

Insured:

Street/Mailing Address: _____

City: _____ State: _____ Zip Code: _____ Phone#: _____

WORKERS COMPENSATION INSURANCE COVERAGE:

Endorsed with a Waiver of Subrogation in favor of *The City of Houston*

Waiver of Subrogation Endorsement #: _____

Carrier Name: NAIC#:			Carrier Phone Number:	
Address:		City:	State:	Zip:
Type of Insurance	Policy Number	Effective Date	Expiration Date	Limits of Liability
Workers Compensation Insurance				☐ W.C. Statutory Limits
				E.L. Each Accident $
				E.L. Disease – Each Employee $
Employers' Liability				E.L. Disease – Policy Limit $

COMMERCIAL GENERAL LIABILITY INSURANCE:

Endorsed with *The City of Houston* as Additional Insured and with a Waiver of Subrogation in favor of *The City of Houston*.

Additional Insured Endorsement #: **Waiver of Subrogation Endorsement #:**

Carrier Name: NAIC#:			Carrier Phone Number:	
Address:		City:	State:	Zip:
Type of Insurance	Policy Number	Effective Date	Expiration Date	Limits of Liability
Commercial General Liability Insurance				Each Occurrence: $_____
___ Claims Made				Products/Completed Operations Aggregate $_____
___ Occurrence				General Aggregate $

Form Number: HOU1
Edition Date: 10/12/2012

AUTOMOBILE LIABILITY INSURANCE:

Endorsed with *The City of Houston* as Additional Insured and with a Waiver of Subrogation in favor of *The City of Houston*.

Additional Insured Endorsement #: _____ **Waiver of Subrogation Endorsement #:** _____

Carrier Name: NAIC#:			Carrier Phone Number:	
Address:		City:	State:	Zip:
Type of Insurance	Policy Number	Effective Date	Expiration Date	Limits of Liability
☐ Any auto				Combined Single Limit $_____
☐ All Owned autos				Bodily Injury (per person) $_____
☐ Hired Autos				Bodily Injury (per accident) $_____
☐ Scheduled Autos				Property Damage (per accident) $_____
☐ Non-owned Autos				

OTHER INSURANCE COVERAGE: (i.e. Excess Insurance, or other; attach additional pages as needed)

Carrier Name: NAIC#:			Carrier Phone Number:	
Address:		City:	State:	Zip:
Type of Insurance	Policy Number	Effective Date	Expiration Date	Limits of Liability
Excess Liability				$_____
Pollution				$_____
Builder's Risk				$_____
Other_____				$_____

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.

AGENT CERTIFICATION

THIS IS TO CERTIFY TO THE CITY OF HOUSTON that the insurance policies above are in full force and effect.

Name of Insurance Company:	Name of Authorized Agent:
Company Address:	Agent's Address:
City: State: Zip:	City: State: Zip:
Authorized Agent's Phone Number (Including Area Code)	Original Signature of Authorized Agent X
	Date

CoH COI Instructions

Form Number: HOU1
Edition Date: 10/12/2012

Complete the certificate of insurance with the information listed below:
(Instructions for completing and submitting a certificate to the City of Houston)

A) Producer (Insurance Agency) Information complete name, address, telephone information, & email address,

B) Insurer (name/names of insurance company) **(Remember the City requires all insurance companies to be Authorized to do business in the State of Texas and be rated by A.M. Best with a rating of B+ (or better) Class VI (or higher) or otherwise be acceptable to the City if not rated by A. M. Best)

C) Waiver of Subrogation Endorsement Number

D) Insured's (Insurance Policy Holder) Information -complete name & address information

E) NAIC # (National Association of Insurance Commissioners, a # that is assigned by the State to all insurance companies)

F) Insurance Policy #'s

G) Insurance policy effective dates (always check for current dates)

H) Insurance Policy limits

I) Additional Insured Endorsement Number

J) General Liability Insurance Policy - must have an (x) in box. Also, "Occurrence" type policy - must have an (x) in the box (occurrence policy preferred but claims made policy can be accepted with special approval)

K) Automobile Liability Insurance - must be checked for Any Auto, All Owned Autos, Hired Autos

L) Choose the necessary insurance by **underlining** it. Builder's Risk Policy - for construction projects as designated by the City; Professional Liability Coverage — for professional services if required by the City; Umbrella Coverage - must be checked in this section and by occurrence whenever it is required by written contract and in accordance with the contract value.

M) The name and contact information of the insurance company providing the insurance

N) The name and contact information for the Authorized Agent providing the insurance, including the area code and phone number

O) The **original** signature of the Authorized Agent

Notice of cancellation, non-renewal, or material change to the insurance policy(ies) must be provided to the City of Houston in accordance with a cancellation notice endorsement to the policy and/or per the policy provisions based on the endorsement adding the City as an additional insured. (Sec. 1811.155, Tex. Ins. Code)

Standard Coverages

Coverage	Additional Insured	Waiver of Subrogation
Worker's Compensation	NO	YES
Commercial General Liability ("CGL")	YES	YES
Automobile Liability	YES	YES
Professional Liability Coverage	NO	NO

Accepted Endorsement Forms

Coverage	Required Endorsement	Type	Form Number
Worker's Compensation	Waiver of Subrogation	Waiver of Transfer of Rights of Recovery Against Others	WC423004A
Commerical General Liability	Additional Insured	Additional Insured - Must include "Completed Operations"	GC 20 37
Commerical General Liability	Waiver of Subrogation	Waiver of Transfer of Rights of Recovery Against Others	CG 24 04
Automobile Liability	Additional Insured	Business Automobile Extension Endorsement	CA 04 03
Automobile Liability	Waiver of Subrogation	Waiver of Transfer of Rights of Recovery Against Others (This is a Waiver of Subrogation)	CA 04 44

Sample Endorsements & Endorsement Review Process

- The following slides illustrate what the City looks for when reviewing insurance endorsements.
- The biggest delay in getting an agreement through the review process is insurance review.
- PWE and Legal are piloting an insurance pre-review this year, in order to gauge its efficiency.
- The simplest way to keep your agreement moving through the pipeline is to have insurance properly taken care of.

Worker's Comp. WoS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Policy number must be listed and match the Policy Number provided on the COI.

TEXAS WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

Policy Number:
Effective Date: Effective hour is the same as stated on the Information Page of the policy.
Named Insured and Address:

Endorsement Number:

This endorsement applies only to the insurance provided by the policy because Texas is shown in Item 3.A. of the Information Page.

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, but this waiver applies only with respect to bodily injury arising out of the operations described in the Schedule where you are required by a written contract to obtain this waiver from us.

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

The premium for this endorsement is shown in the Schedule.

SCHEDULE

The City must be specifically named in the Schedule. Alternatively, a blanket endorsement may be given.

1. ( ) Special Waiver
   Name of person or organization

2. ( ) Blanket Waiver
   Any person or organization for whom the Named Insured has agreed by written contract to furnish this waiver.

3. Premium:
   The premium charge for this endorsement shall be _____ percent of the premium developed on payroll in connection with work performed for the above person(s) or organization(s) arising out of the operations described.

4. Advance Premium:

TEXAS WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because Texas is shown in Item of the Information Page.

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, but this waiver applies only with respect to bodily injury arising out of the operations described in the Schedule where you are required by a written contract to obtain this waiver from us.

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

The premium for this endorsement is shown in the Schedule.

Schedule

The City must be specifically named in the Schedule. Alternatively, a blanket endorsement may be given.

1. ( ) Specific Waiver
   Name of person or organization

   ( ) Blanket Waiver
   Any person or organization for whom the Named Insured has agreed by written contract to furnish this waiver.

2. Operations:
   ALL TEXAS OPERATIONS

3. Premium:
   The premium charge for this endorsement shall be _____ percent of the premium developed on payroll in connection with work performed for the above person(s) or organization(s) arising out of the operations described.

4. Advance Premium:

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
Insured

Endorsement No.
Premium $

Insurance Company

Countersigned by _____

CGL Add'l Insured

ISO | Commercial General Liability Forms | 07/01/04

POLICY NUMBER:

Policy number must be listed and match the Policy Number provided on the COI.

COMMERCIAL GENERAL LIABILITY

CG 20 37 07 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Endorsement must contain "Completed Operations."

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The City must be specifically named in the Schedule. Alternatively, a blanket endorsement may be given.

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location And Description Of Completed Operations
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

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" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

CG 20 37 07 04

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CGL WoS

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POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 24 04 05 09

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Policy number must be listed and match the Policy Number provided on the COI.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

The City must be specifically named in the Schedule. Alternatively, a blanket endorsement may be given.

Name Of Person Or Organization:
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

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

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

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Auto Liability Insurance

- For automobile coverage, the COI must have either (and checked):
  - Any Auto, or
  - All Owned, Hired, and Non-Owned Autos.

- IF the Contractor <u>does not own any autos,</u> THEN the certificate must have "Non-Owned Autos" and "Hired Autos" checked and the contractor must provide the City with a letter stating that they do not own any autos and if they purchase autos in the future during this project, they will provide owned auto coverage.

- Even if the Contractor does not own any autos, the Contractor must still provide automobile coverage. The provided automobile coverage must be accompanied with an "Additional Insured" and "Waiver of Subrogation" endorsement.

Auto Liability Add'l Insured

Policy number must be listed and match the Policy Number provided on the COI.

ISO | Commercial Auto Forms | 06/01/04

POLICY NUMBER:

COMMERCIAL AUTO
CA 04 03 06 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS ADDITIONAL INSURED

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Endorsement Effective:	Countersigned By:
Named Insured:	(Authorized Representative)

SCHEDULE

Name and Address of Additional Insured:

The City must be specifically named in the Schedule. Alternatively, a blanket endorsement may be given.

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

A. Who Is An Insured (Section II) is amended to include as an "insured" the person(s) or organization(s) shown in the Schedule, but only with respect to their legal liability for acts or omissions of a person for whom Liability Coverage is afforded under this policy.

B. The additional insured named in the Schedule or Declarations is not required to pay for any premiums stated in the policy or earned from the policy. Any return premium and any dividend, if applicable, declared by us shall be paid to you.

C. You are authorized to act for the additional insured named in the Schedule or Declarations in all matters pertaining to this insurance.

D. We will mail the additional insured named in the Schedule or Declarations notice of any cancellation of this policy. If we cancel, we will give 10 days notice to the additional insured.

E. The additional insured named in the Schedule or Declarations will retain any right of recovery as a claimant under this policy.

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Auto Liability WoS

POLICY NUMBER:

COMMERCIAL AUTO
CA 04 44 03 10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

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

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
BUSINESS AUTO PHYSICAL DAMAGE COVERAGE FORM
GARAGE COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Named Insured:

Endorsement Effective Date:

SCHEDULE

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

The City must be specifically named in the Schedule. Alternatively, a blanket endorsement may be given.

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

The **Transfer Of Rights Of Recovery Against Others To Us** Condition does not apply to the person(s) or organization(s) shown in the Schedule, but only to the extent that subrogation is waived prior to the "accident" or the "loss" under a contract with that person or organization.

Auto Liability - Letter

COMPANY LETTERHEAD

Date

Project Manager
City of Houston
611 Walker Street
Houston, TX 77002

RE: Name of Project and WBS Number

Project Manager,

In response to CONTRACTOR'S NAME providing an automobile liability policy for the above referenced contract, CONTRACTOR'S NAME does not own any automobiles. Should CONTRACTOR'S NAME acquire any vehicles for the duration of this contract, CONTRACTOR'S NAME will then purchase any owned or all owned automobile insurance and will name the City of Houston as an "additional insured." This additional insured will include a waiver of subrogation to the City.

Sincerely,

_____
AUTHORIZED SIGNATORY
CONTRACTOR'S NAME

Professional Liability

- No endorsement required.

Insurance Floater

COMPANY LETTERHEAD

Date

Project Manager
City of Houston
611 Walker Street
Houston, TX 77002

RE: Name of Project and WBS Number

Project Manager,

In response to CONTRACTOR'S NAME providing an installation floater policy for the above referenced contract, CONTRACTOR'S NAME will not be billing for uninstalled materials on projects performed under this contract.

In the event that it may be necessary for CONTRACTOR'S NAME to bill for uninstalled materials, CONTRACTOR'S NAME will furnish the City with an installation floater policy for those particular materials prior to billing.

Sincerely,

_____
AUTHORIZED SIGNATORY
CONTRACTOR'S NAME

AM Best Rating

BEST Ratings & Criteria Center

Welcome Back L

Regional Centers: Asia-Pacific | Canada | Europe, Middle East and Africa | Latin America | MENA & SCA

Ratings & Criteria
- » Home
- » Credit Rating Releases
- » Methodology
- » Best's Credit Ratings +
  - » Financial Strength Rating
  - » Issuer Credit Rating
  - » Debt Rating
  - » Advanced Search
- » About Best's Credit Ratings +
- » Get a Credit Rating +
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- » Add Best's Credit Ratings Search To Your Site
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Products & Services
Industry Information
Corporate
Regulatory Affairs
Support & Resources
Conferences and Events

Find a Best's Credit Rating
Enter a Company Name »Go
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A.M. Best Rating Services
Contact Information »

View Rating Definitions
Select one...

Insurance Company name and address.

Print this page (?)

Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
Financial Strength Rating BEST A+ Superior

Based on A.M. Best's analysis, 058182 - Prudential Financial Inc is the **AMB Ultimate Parent** and identifies the topmost entity of the corporate structure. View a list of operating insurance entities in this structure.

Best's Credit Ratings

View all of the companies assigned this rating as a part of an AMB Rating Unit.

Financial Strength Rating View Definition

Rating:	A+ (Superior)
Affiliation Code:	g (Group)
Financial Size Category:	XV ($2 Billion or greater)
Outlook:	Stable
Action:	Affirmed
Effective Date:	May 09, 2013
Initial Rating Date:	June 30, 1928

Best's Credit Rating Analyst

Office: A.M. Best Company, Oldwick NJ
Managing Senior Financial Analyst: Robert Adams
Assistant Vice President: Thomas Rosendale

Long-Term Issuer Credit Rating View Definition

Long-Term:	aa-
Outlook:	Stable
Action:	Affirmed
Effective Date:	May 09, 2013
Initial Rating Date:	February 09, 2005

u Denotes Under Review Best's Rating

Security Ratings

Date Issued	Amount	Coupon	Security	Type	Rating	Under Review/Implication
07/17/1995	100,000,000 USD	8.1%	Surplus Notes		a	No

An AM Best Rating Sheet must be provided for each Insurance Company.

Punch List

1. Have <u>ALL</u> coverages required by contract.
   a. Endorsements that look similar to the sample endorsements provided tend to make insurance review easier.

2. Ensure that each endorsement contains a POLICY NUMBER that <u>matches</u> the policy number listed on the COI.

3. Ensure that the City is specifically named on the endorsement, or, alternatively, ensure that a "Blanket Endorsement" has been provided.
   a. Blanket Endorsements will say something along the lines of, "as required by written contract", instead of specifically naming the City.

Common Issues, Insurance

1. The Certificate of Insurance ("COI") has expired.
2. Authorized signatory line is blank/not signed on the COI.
3. Contractor does not provide a printout showing the A.M. Best Credit Rating.
4. Endorsement does not include the policy number.
5. CGL Additional Insured doesn't state "Completed Operations."
6. A letter is required if the Contractor/Company does not own a car, but will provide full coverage for "Hired" or "Non-Owned" vehicles.

Common Issues, Generally

1. The name of the person executing the contract is not on the Texas Secretary of State website.

Questions?