

**CITY OF EL CAJON
CITY COUNCIL POLICY**

<i>SUBJECT :</i>	Insurance Requirements		<i>POLICY</i> D-3
<i>REFERENCE :</i>	Adopted 7/26/94 Amended 11/29/05	<i>EFFECTIVE</i> 11/29/05	<i>PAGE</i> 1 of 8

PURPOSE

To provide a uniform City policy for liability insurance requirements and to establish procedures for its consistent application.

BACKGROUND

To help protect the City against liability, all individuals, contractors, agencies and organizations conducting business in association with, on behalf of, or in certain circumstances within the City of El Cajon are required to maintain adequate liability insurance coverage acceptable to the City.

Because of the differing levels of protection needed for various activities conducted within the city, the City has established policy limits and standards which directly relate to the type of activity being conducted.

POLICY

All individuals, contractors, agencies, and organizations conducting business either for the City of El Cajon (or the El Cajon Redevelopment Agency) or pursuant to an ordinance, resolution, agreement or policy requiring the maintenance of liability insurance shall provide proof of liability insurance in the following amounts and written on an occurrence basis (claims made coverage will be accepted only after verifying that occurrence coverage is not available):

1. A combined single limit policy with aggregate limits in the amount of \$2 million for all construction projects and for carnivals, subdivisions, and pollution coverage subject to section 5.c. under the heading "**INSURANCE STANDARDS**," with a maximum deductible or self-insurance retention ("SIR") of \$500,000; otherwise minimum limits in amounts as follows:

Bodily Injury:	\$	1,000,000	each person
	\$	1,000,000	each occurrence
	\$	2,000,000	aggregate products and completed operations

Property Damage:	\$	250,000	each occurrence
	\$	500,000	aggregate

Unless staff determines that circumstances (i.e. high risk project, etc.) require the higher limit, the \$2,000,000 limit shall be decreased to \$1,000,000 with a maximum deductible or SIR of \$150,000, when:

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- a. The public improvements portion of a subdivision project is less than \$50,000; or
 - b. A construction project (in accordance with the Standard Specifications for Public Works Construction—and the Standard Special Provisions, the “Green Book”) is for less than \$50,000.
2. Except as otherwise provided in this policy, a combined single limit policy with aggregate limits in the amount of \$2 million for all others, including, but not limited to, athletic leagues, recreation groups, towing companies and public service agencies; otherwise minimum limits in amounts as follows:
- | | | | |
|------------------|----|-----------|--|
| Bodily Injury: | \$ | 500,000 | each person |
| | \$ | 1,000,000 | each occurrence |
| | \$ | 2,000,000 | aggregate including products
and completed operations |
| Property Damage: | \$ | 100,000 | each occurrence |
| | \$ | 250,000 | aggregate |
3. A combined single limit policy with aggregate limits in the amount of \$250,000 for homeowners insurance or for comprehensive general liability insurance for small business owners, in either event only where the insurance is required for work in the public right-of-way. “Small business owners” are defined as commercial businesses, or a professional or administrative office uses, where the owners of the business work on-site as their primary calling or vocation, and having no more than two (2) employees not related by blood or marriage.
4. Selected high-risk activities that would otherwise fall under the criteria for category 2 shall be evaluated by staff on a case-by-case basis to determine whether or not the above limits are sufficient. The imposition of liability limits exceeding \$2 million for such high-risk activities is appealable to the City Council.
5. \$1,000,000 for taxicab companies.

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6. \$500,000 or actual value, whichever is greater, for “valuable papers” and “in transit” insurance where City records or personal property is being transported or stored outside of City property.
7. Exceptions to the above limits may be made for non-profit, charitable, political, community and religious organizations.
8. The policy or policies of insurance may be for all operations or activities of the party purchasing the policy or policies provided, however, that the City or the Agency may require a separate policy exclusively for operations of the purchaser where the City Manager (or Executive Director), in her sole discretion, determines that a single policy would be inadequate to protect the City or Agency in the event of multiple catastrophes.

INSURANCE STANDARDS

1. ADMITTED CARRIER / BEST'S RATING B+, CLASS VII
 - a. Insurers must be “admitted” carriers pursuant to the provisions of the California Insurance Code and in accordance with all requirements of the State Insurance Commission and must be listed in the:

“OFFICIAL PUBLICATION
DEPARTMENT OF INSURANCE
STATE OF CALIFORNIA
45 Fremont Street
San Francisco, California 94105

INSURANCE ORGANIZATIONS AUTHORIZED BY THE INSURANCE
COMMISSION TO TRANSACT BUSINESS OF INSURANCE
IN THE STATE OF CALIFORNIA DURING
[the most recent year for which
the publication is available].”

or

“California Department of Insurance Company Profile.”

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INSURANCE STANDARDS (continued)

- b. Insurers must have a Best's rating of B+, Class VII or higher (this rating includes those insurers with a minimum policyholder's surplus of \$50 to \$100 million). Exceptions to the Best's rating may be considered when an insurance carrier meets all other standards and can satisfy surplus amounts equivalent to a B+, Class VII rating.

2. NON-ADMITTED CARRIER / BEST'S RATING B+, CLASS VII

Exceptions to the "admitted" requirement may be considered when a non-admitted insurance carrier meets all other standards herein and:

- a. is listed in:
 - California Department of Insurance
 - List of Eligible Surplus Line Insurers

LISTING OF FILINGS

- b. has a Best's rating of B+, Class VII or higher (this rating includes those insurers with a minimum policyholder's surplus of \$50 to \$100 million);
- c. has ten years or more experience in the business of insurance; and
- d. if applicable, the reinsurance carrier has a qualified rating.

3. GENERAL – INSURANCE CERTIFICATES / ADDITIONAL INSURED

All insurers (including those insuring against pollution or discharges of hazardous materials) must provide certificates of insurance and endorsements evidencing coverage prior to the start of any contract. All certificates or endorsements must include:

- Name of insurance company issuing each policy.
- All insurers must provide an original endorsement naming the City of El Cajon (and/or the El Cajon Redevelopment Agency), and its (their) elected and appointed officials, officers, employees and volunteers (for purposes of this Policy, individually and collectively, the "City Insureds") as additional insureds. This inclusion as

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additional insureds shall not be required of Workers' Compensation or professional liability policies of insurance, and may be waived for "valuable papers" coverage with the approval of the City Attorney.

- Address of named insured.
- Description of coverage, including any special coverage required by the contract.
- Policy numbers.
- Policy periods (If claims made basis, must include retroactive date and length of time allowed as extended reporting period).
- Coverage type (occurrence form vs. claims made).
- Authorized signature and date of issuance. An original signature is required: a digital signature is acceptable so long as it complies with the requirements of Government Code §16.5.
- Unless approved by the City Manager or her designee, no certificate shall be accepted that qualifies the obligation of the carrier to provide 30 days written notice of cancellation of the policy. With the approval of the City Attorney the obligation to provide notice of cancellation may be reduced to ten (10) days, but only for termination due to the non-payment of any premium.

4. PUBLIC WORKS PROJECTS

In addition to the standards set forth above, insurance policies for public works projects must also meet the following insurance requirements set out in the most recent edition of the Green Book adopted by the City Council:

- a. All insurance certificates shall bear an endorsement or shall have attached a rider whereby it is provided that, in the event of expiration or proposed cancellation of such policy for any reason whatsoever, the City shall be notified by certified mail, return receipt requested, giving a sufficient time before the date thereof to comply with any applicable law or statute, but in no event less than thirty (30) days before expiration or cancellation is effective, the provisions of section 3 herein notwithstanding; and
- b. Compliance with Labor Code §§3700 and 3800 relating to Worker's Compensation.
- c. Requirements of the Green Book shall prevail.

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INSURANCE STANDARDS (continued)

5. PUBLIC RIGHT-OF-WAY

An applicant for permit(s) to do work within the public right-of-way may establish satisfactory proof of liability insurance in the following manner:

a. CONTRACTORS

Contractors must furnish the City with a certificate of liability insurance, which meets the requirements set forth above and any other City requirements contained in this policy.

b. HOMEOWNERS / PROPERTY OWNERS

Homeowners/Property owners requesting a permit to do work within City rights-of-way or easements immediately adjacent to their respective owned or occupied property, solely for the owner's personal benefit, shall be required to furnish the City with a copy of their homeowner's/property owner's liability insurance policy, which meets the requirements set forth above, with the minimum limits described in category 3 under the heading "**POLICY**," above. The policy must be effective during the entire period of the proposed work, plus two (2) calendar years, and must provide coverage for claims arising from the work performed, or improvements owned, by the homeowner in the right-of-way or easement. If the encroachment is ongoing, annual proof of insurance shall be required. The requirement to name the City as an additional insured, and the requirement for a policy for two (2) additional calendar years, may each be waived by the City Council or the City Manager (or her designee) in cases of extreme hardship, in their discretion.

c. POLLUTION EXCLUSION

Applications for the installation of monitoring wells for the evaluation of groundwater pollution or for the discharge of formerly polluted groundwater into the City sewer system must be accompanied by a certificate of liability insurance provided by the property owner. Such liability insurance may not contain a pollution exclusion clause and must explicitly indemnify the City against all hazards which may result from either of these activities, including a worsening of

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pollution, either within the subsurface adjacent to the original pollution or within the City sewer system.

If the property owner is unable to provide insurance which addresses both general liability and pollution liability, the environmental company or other appropriately qualified entity contracting with the property owner for either monitoring well installation or groundwater pollution remediation, may furnish pollution liability insurance on behalf of the property owner.

Any insurance approved under this subsection c. shall be an occurrence policy, and shall otherwise comply with the provisions of this Policy.

d. PUBLIC UTILITIES

This policy as it relates to work in the public rights-of-way shall not be applicable to Cable TV, Helix Water District, Padre Dam Municipal Water District, SBC, San Diego Gas & Electric, or any other public utility.

e. TRANSPORTATION / OVERSIZE LOADS – PERMITS – See Chapter 10.24 of the El Cajon Municipal Code.

TIME LIMITS / CANCELLATION PROVISIONS

All liability insurance required pursuant to this policy shall provide coverage for a sufficient time period to protect the City from liability. The insurer is required to provide a minimum of thirty (30) days notice of cancellation of any policy. With the approval of the City Attorney (except as provided in section 4, herein) this obligation may be reduced to not less than ten (10) days written notice, but only for termination due to the non-payment of any premium. In no event shall a policy be accepted which terminates prior to the completion of the activity to be covered.

In certain circumstances, it may be impracticable to obtain continuing insurance coverage due to the duration of the activity or the cost of premature renewal. Under such circumstances, an exception to the coverage period may be made so long as the policy is renewed or replaced with an acceptable insurance carrier and there is no lapse in coverage. Maintenance of proper insurance coverage is a material term of any contract with the City and failure to maintain or

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TIME LIMITS / CANCELLATION PROVISIONS (continued)

renew coverage or to provide evidence of renewal may be treated as a material breach of contract.

ALTERNATIVE RISK MANAGEMENT PRACTICES; SELF-INSURANCE; RISK-POOLING

Alternative risk management practices, such as self-insurance, risk pooling, risk retention groups, and other such programs, will be accepted in lieu of commercial insurance policies provided that the coverage meets the requirements of this Policy. Any such alternative risk management practices must meet the financial strength and surplus requirements reflected by the Best's Ratings required of commercial insurance under this Policy.