

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR

BAKERSFIELD

February 5, 2003

CHANNEL ISLANDS

CHICO

MEMORANDUM

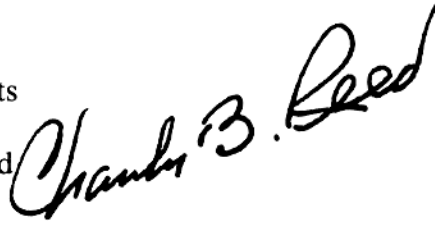
DOMINGUEZ HILLS

FRESNO

TO: CSU Presidents

FULLERTON

FROM: Charles B. Reed
Chancellor



HAYWARD

SUBJECT: Executive Order No. 849
California State University Insurance Requirements

HUMBOLDT

LONG BEACH

LOS ANGELES

The attached Executive Order No. 849 assigns responsibility to the campus president to implement insurance requirements for agreements, contracts, and purchases consistent with the California State University Insurance Requirements. This executive order supersedes and replaces Executive Order No. 829 to incorporate revisions to the Additional Insured Endorsements, Campus Facilities and Property Lease and Auxiliary Operation Agreement – Hold Harmless Provision.

MARITIME ACADEMY

MONTEREY BAY

NORTHRIDGE

POMONA

In accordance with the policy of the California State University, the campus president has the responsibility for implementing executive orders where applicable and for maintaining the campus repository and index for all executive orders.

SACRAMENTO

SAN BERNARDINO

Should you have any questions, please contact Mr. Dennis Hordyk, Assistant Vice Chancellor, Financial Services at 562-951-4580.

SAN DIEGO

SAN FRANCISCO

CBR:mtl

SAN JOSE

Attachment

SAN LUIS OBISPO

cc: Executive Vice Chancellor and Chief Academic Officer
Executive Vice Chancellor and Chief Financial Officer
Vice Chancellors
Vice Presidents for Administration
Chancellor's Office Divisional Heads

SAN MARCOS

SONOMA

STANISLAUS

**The California State University
Office of the Chancellor
401 Golden Shore
Long Beach, California 90802**

(562) 951-4000

Executive Order No.: 849
Title: California State University Insurance Requirements
Effective Date: February 5, 2003
Supersedes: Executive Order No. 829

This Executive Order is issued pursuant to authority of Sections 1 and 2 of Chapter III of the Standing Orders of the Board of Trustees of the California State University. This statement of policy and insurance requirements is adopted for the California State University. In the absence of risk identification and evaluation, the minimum insurance limits and hold harmless provisions as specified in this Executive Order are required.

Following risk identification and evaluation in special situations, the campus may permit exceptions to the requirements in this Executive Order.

Risk Identification and Evaluation

Questions that should be considered in determining what risks and subsequent losses could arise from the activities contemplated under the contract should include, among others, the following:

1. What activities will take place?
2. Who could be harmed?
3. What property could be damaged and how severely?
4. What is the maximum likely loss for each activity?
5. Is there a possible pollution exposure?
6. Are crowds or bystanders/passersby likely to be involved?
7. Will inherently dangerous activities be involved?
8. How likely is it that the University will be a defendant in the event of a loss?

After consideration of these factors, the campus may amend the standard practices described herein to use either higher or lower limits.

Hold Harmless Provisions

Many alternative hold harmless provisions are possible, with each alternative having a different purpose and potential risk transfer variant. In addition to minimum standards for insurance requirements, this policy establishes the approved hold harmless provisions based on the risk assessment of the contract category. Modification to hold harmless language in contract negotiation is a crucial part of the risk transfer process and should only be undertaken with appropriate review and counsel.

A complete set of approved model terms and conditions for non-public works agreements is available at www.calstate.edu/tier3/cs+p/ (Contract Resource Library) containing approved hold harmless provisions. General provisions for public works contracts including hold harmless provisions for construction can be found at www.calstate.edu/tier3/ppd/cm and for architect and engineering professional services at www.calstate.edu/tier3/PPD/AE/ae_contracts.html.

In some instances, a no “hold harmless” clause approach may be appropriate for low liability activity and for activities critical to CSU.

Additional Insured Endorsements

Under the terms and conditions of a contract or agreement for services, the contractor, consultant, or vendor must be required to show evidence of adequate insurance coverage by furnishing to the California State University a certificate or certificates of insurance that include additional insured endorsements.

All certificates of insurance issued to the University require the following:

- Provide for thirty (30) days advance written notice to the University of cancellation of any of the insurance coverage.
- Provide for Acceptability of Insurers rating, AM Best – AVII or equivalent unless otherwise agreed to by the University.
- Name the State of California, the Trustees of the California State University, the campus and the officers, employees, volunteers and agents of each of them as additional insureds, except for professional liability and workers' compensation insurance.

In the event a contracting entity is self-insured, the following statement signed by an authorized corporate officer of the contracting entity will be acceptable if the company has the necessary financial resources to guarantee payment when the law imposes such liability and subject to approval by the campus risk manager or other authorized campus representative:

“As an alternative to providing the general liability insurance required by this subsection [*subsection #*], the Contractor may cause to be provided other kinds of insurance or methods or plans of protection such as, but not limited to, self insurance pools, primary or excess risk retention groups if and to the extent such

other kinds of insurance or methods or plans of protection shall afford reasonable protection to the Board of Trustees and their officers, agents and employees.”

Public Works Construction Contracts

The insurance requirements for public works construction contracts shall be as specified in the general conditions for capital outlay projects and are summarized as follows:

- General Liability: comprehensive or commercial form minimum limits each Occurrence \$1,000,000, General Aggregate \$2,000,000.
- Employer Liability: \$1,000,000.
- Business Automobile Liability: minimum limits for Owned, Scheduled, Non-Owned, or Hired Automobiles with a combined single limit of not less than \$1,000,000 per occurrence.
- Workers' Compensation: as required under California law.
- Course of construction insurance: as specified in the Contract General Conditions maintained by Capital Planning, Design and Construction.
- Hold Harmless Provision: as specified in the Contract General Conditions maintained by Capital Planning, Design and Construction.

Exceptions: deviations from the amounts listed above shall be identified in a supplementary general conditions document prepared by the campus and included in the bid documents.

Service Agreements

- General Liability: comprehensive or commercial form minimum limits each Occurrence \$1,000,000, General Aggregate \$2,000,000.
- Employer Liability: \$1,000,000.
- Business Automobile Liability: minimum limits for Owned, Scheduled, Non-Owned, or Hired Automobiles with a combined single limit of not less than \$1,000,000 per occurrence.
- Workers' Compensation: as required under California State Law.
- Errors and Omission insurance is required for professional service consultants and professional service design architects/engineers.
- Hold Harmless Provision: reference CSU General Provisions for Service Agreements as maintained in the Contract Resource Library.

Exceptions: The limits shown above will generally be required for service providers involved in low-risk activities. Higher limits will be required for service providers performing potentially high-risk activities. Campus risk managers should be consulted for the minimum requirements.

Hazardous Substances and Waste Removal Services

These services include all labor, packaging, materials, tools, vehicles, placards, labels/markings, equipment, including personal protective equipment and safety equipment, expertise, and other means necessary and required to provide services for the pickup, transportation, and disposal of hazardous wastes.

- **General Liability:** comprehensive or commercial form minimum limits coverage in the minimum amount of \$5,000,000 combined single limit bodily injury and property damage each occurrence and \$10,000,000 aggregate, including premises/operations, personal injury, broad form property damage, products/completed operations, contractual liability, independent contractors and \$500,000 fire legal liability. A Waiver of Subrogation is required.
- **Environmental Impairment (pollution) Liability:** coverage in the minimum amount of \$5,000,000 combined single limit bodily injury and property damage each occurrence and \$10,000,000 aggregate, including clean-up costs.
- **Commercial Automobile Liability:** coverage is required in the minimum amount of \$1,000,000 combined single limit bodily injury and property damage, including owned, non-owned and hired automobiles; should also include Uninsured/Underinsured Motorists coverage in the minimum amount of \$1,000,000.
- **Pollution and/or Asbestos Pollution Liability and or Errors and Omissions.**
- **Workers' Compensation:** as required under California law.
- **Hold Harmless Provision:** reference CSU General Provisions for Service Agreements as maintained in the Contract Resource Library.

In addition to previous coverage noted under Contractor's auto liability, hazardous material transporter services must also have an MCS-90 endorsement and Sudden & Accidental Pollution Insurance endorsement. The Sudden & Accidental Pollution Insurance must have minimum limits of \$2,000,000 per occurrence, \$2,000,000 total. A higher limit on the MCS-90 endorsement required by law must be matched by the Sudden & Accidental Pollution Insurance.

Exceptions: Any deviations from the standards as described above, a risk identification and evaluation process (see page 1 of this executive order) must be completed and documented in the contract package.

Campus Facilities and Property Lease

- **General Liability:** comprehensive or commercial form minimum limits each occurrence \$1,000,000, General Aggregate \$2,000,000 (when available).
- **Employer Liability:** \$1,000,000.

- **Business Automobile Liability:** minimum limits for Owned, Scheduled, Non-Owned, or Hired Automobiles with a combined single limit of not less than \$1,000,000 per occurrence.
- **Workers' Compensation:** as required under California law.
- **Hold Harmless Provision:** Lessee shall hold harmless, indemnify, and defend the State of California, the Trustees of the California State University, the [campus] and the officers, employees, volunteers and agents of each of them from and against any and all liability, loss, damage, expense, costs of every nature, and causes of actions arising out of or in connection with the use by the Lessee of said property.

Long-term leases of real property require case-by-case analysis to determine insurance requirements and will vary depending on the nature of the agreement. Insurance requirements should be commensurate with the activities associated with the lease that may cause damage to person or property.

Auxiliary Operation Agreement


- **General Liability:** comprehensive or commercial form minimum limits each occurrence \$1,000,000, General Aggregate \$2,000,000.
- **Employer Liability:** \$1,000,000.
- **Business Automobile Liability:** minimum limits for Owned, Scheduled, Non-Owned, or Hired Automobiles with a combined single limit of not less than \$1,000,000 per occurrence.
- **Workers' Compensation:** as required under California law.
- **Hold Harmless Provision:** Auxiliary agrees to indemnify, defend, and save harmless the State of California, the Trustees of the California State University, the [campus name] and the officers, employees, volunteers and agents of each of them (all of which are hereinafter referred to as "State") from any and all loss, damage, or liability that may be suffered or incurred by State, caused by, arising out of, or in any way connected with the operations of Auxiliary.

Long-term leases of real property require case-by-case analysis to determine insurance requirements and will vary depending on the nature of the agreement. Insurance requirements should be commensurate with the activities associated with the lease that may cause damage to person or property.

Placement Agreements

These agreements typically provide for students to be placed with other agencies or institutions for course-required work experience. Student placement agreements must be in writing and shall specify minimum insurance requirements applicable to the contracting parties and appropriate hold harmless provisions based upon the needs of the contracting parties. The following hold harmless provision may be used as a minimum:

- Hold Harmless Provision: *[insert entity]* shall be responsible for damages caused by the negligence of its officers, employees and agents. Trustees shall be responsible for the damages caused by the negligence of its officers, employees and agents. The intent of this paragraph is to impose responsibility on each party for the negligence of its officers, employees and agents.



Charles B. Reed, Chancellor

Dated: February 5, 2003