

## **VENDOR/CONTRACTORS INSURANCE PROGRAM**

### **INTRODUCTION**

This manual affords an overview of the Vendor/Contractors Insurance Program.

This program was developed to meet the needs of the Public Entity Sector in assuring that there is insurance in place when entering into a contract with a contractor or vendor. Coverage can be provided for General Liability, Professional Liability, and Employee Dishonesty for the dishonest acts of the vendor's employees. This will enable Public Entities to contract with qualified bidders who could not previously participate because their level of insurance could not meet the Entity's minimum insurance requirements.

Should you have any questions or require assistance, please contact Monique Navarro at (800) 821-9283 or (949) 660-8163 at Driver Alliant Insurance Services.

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### **SPECIAL EVENTS/VENDORS PROGRAMS**

*PO Box 28323 Santa Ana, California 92799-8323 • (949) 660-8163 • Fax (949) 756-2713*  
Lic #OC36861 • [www.driveralliant.com](http://www.driveralliant.com)

## **VENDOR/CONTRACTORS PROGRAM**

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**VENDORS/CONTRACTORS GENERAL LIABILITY PROGRAM  
PROGRAM ADVANTAGES**

**TO THE PUBLIC ENTITY:**

- DEDICATED LIMITS FOR EACH CONTRACT
- SATISFIES CONTRACT MINIMUM GENERAL LIABILITY REQUIREMENTS
- PROGRAM IS PRE-APPROVED - EXPEDITES CONTRACT ISSUANCE
- PUBLIC ENTITY AND ALL DEPARTMENTS, AGENCIES, DIRECTORS, OFFICERS AND EMPLOYEES ARE ADDED AS ADDITIONAL INSURED
- SIMPLE ENROLLMENT PROCESS - NO DEPOSIT REQUIRED TO IMPLEMENT
- NO CROSS LIABILITY EXCLUSION

**TO THE VENDOR/CONTRACTOR:**

- PROGRAM IS PRE-APPROVED - EXPEDITES CONTRACT ISSUANCE
- LOW PREMIUMS, LOW DEDUCTIBLES, NO ADDITIONAL PAPERWORK
- INCLUDES GENERAL CONTRACTORS AS INSURED (IF NEEDED)
- NO PRIOR INSURANCE REQUIRED - NO NEED TO ALTER CURRENT INSURANCE PROGRAM, IF ANY
- INCREASED LIMITS AND NON-OWNED AND HIRED AUTOMOBILE LIABILITY AVAILABLE (AT AN ADDITIONAL COST)

**NOTE: COVERAGE IS AVAILABLE ONLY FOR SPECIFIC CONTRACTS WITH A PUBLIC ENTITY AND DOES NOT EXTEND TO OTHER WORK PERFORMED BY THE VENDOR/CONTRACTOR.**

**VENDORS/CONTRACTORS LIABILITY PROGRAM  
PROGRAM OUTLINE**

<b>INSURANCE COMPANY:</b>	Fulcrum Insurance Company
<b>BEST'S GUIDE RATING:</b>	A (Reinsured) Excellent, Financial Size Category FSC 9, \$250,000,000 to \$500,000,000
<b>CALIFORNIA STATUS:</b>	Non-Admitted
<b>POLICY TERM:</b>	July 1, 2001 to July 1, 2002
<b>LIMITS:</b>	\$ 1,000,000 General Aggregate \$ 1,000,000 Occurrence \$ 1,000,000 Personal and Advertising Injury \$ 1,000,000 Products/Completed Operations \$ 50,000 Fire Damage (any one fire) \$ 5,000 Medical Payments (each person) <b>All aggregates apply separately to each project</b>
<b>COVERAGE:</b>	Combined Single Limit of Liability for Bodily Injury and Property Damage Per Occurrence and Aggregate as shown above. Coverage includes: <ul style="list-style-type: none"><li>• Contractor or Vendor as Named Insured</li><li>• Public Entity as Additional Insured</li><li>• General Contractor as Additional Insured if needed</li><li>• Premises and Products/Completed Operations</li><li>• Personal and Advertising Injury</li><li>• Fire Damage and Medical Payments</li><li>• Coverage is primary and non-contributory</li><li>• <b>Includes 30 Notice of Cancellation to Public Entity</b></li></ul>
<b>MAJOR EXCLUSIONS: (including but not limited to)</b>	<ul style="list-style-type: none"><li>• Professional Liability</li><li>• Automobile Liability</li><li>• Workers' Compensation</li><li>• Liquor Liability</li><li>• Pollution</li><li>• Nuclear</li><li>• Damage to entity property, or property of others in the care, custody or control of the named insured</li><li>• Employment Practices Liability</li></ul>

**EXCLUDED CONTRACTS:** Classes not listed in the Hazard Schedules are excluded unless approved by Underwriter

**DEDUCTIBLE:** \$500 Per Occurrence – Bodily Injury  
\$500 Per Occurrence – Property Damage

**HAZARD SCHEDULES/RATES:** See Attached

**DEPOSIT PREMIUM:** None to implement the program. Full premium for each contract is due immediately and is to include all applicable taxes and fees, plus a \$50 Certificate Fee per enrolled contract.

**Hazard I: \$300 Minimum Premium**

**Hazard II: \$500 Minimum Premium**

**Taxes and Fees are in addition to Minimums**

## PROCEDURE FOR PROGRAM USE

### TO ENROLL A SPECIFIC VENDOR/CONTRACTOR:

1. Secure the details and scope of work from the contract.
2. Classify the contract in accordance with the schedule of Hazard classes
3. Based on the value of the contract, calculate the premium using the rate schedule. **Please be sure to add taxes, fees and certificate fee.**
4. Fax the “Request to Bind Coverage” to Driver Alliant Insurance Services at 949-756-2713.
5. Driver Alliant Insurance Services will confirm premium and provide “Binder Acknowledgment” by return fax.
6. Public Entity collects premium and provides a copy of the “Request to Bind/Binder Acknowledgment” to the contractor.
7. Public Entity remits premium payment to Driver Alliant Insurance Services no later than ten days following the receipt of the invoice. Remit Payment to:  
  
Driver Alliant Insurance Services  
PO Box 28323  
Santa Ana, CA 92799
8. Certificate of Insurance is issued by the insurance company and mailed to the contractor and the Public Entity.

Note: Coverage cannot become effective until Driver Alliant Insurance Services issues the completed binder acknowledgement and premium is paid by the vendor/contractor to the public entity.

**VENDORS/CONTRACTORS GENERAL LIABILITY REQUEST TO BIND COVERAGE**

*Complete top section and return to Driver Alliant Insurance Services to Bind.  
Attention: Monique Navarro, Account Administrator*

**(COVERAGE IS NOT IN FORCE UNTIL SIGNED BY BROKER AND AUTHORIZED REPRESENTATIVE)**

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Public Entity: \_\_\_\_\_ Fax: \_\_\_\_\_ Contact: \_\_\_\_\_

Vendor/Contractor: \_\_\_\_\_

Vendor/Contractor Mailing Address: \_\_\_\_\_

Any Other Insureds: \_\_\_\_\_

Description of Contract: \_\_\_\_\_ Contract Value: \_\_\_\_\_

Scope of Work: \_\_\_\_\_

Term of Contract: From: \_\_\_\_\_ To: \_\_\_\_\_ Hazard: \_\_\_\_\_ Rate: \_\_\_\_\_

Please bind the above account effective \_\_\_\_/\_\_\_\_/\_\_\_\_ with Fulcrum Insurance Company.

<b>Total Policy Premium:</b>	\$ _____
<b>State Tax (3%):</b>	\$ _____
<b>Stamping Fee (.35%):</b>	\$ _____
<b>Certificate Fee:</b>	\$ <b>50.00</b>
<b>Total Amount Due:</b>	\$ _____

**BINDER ACKNOWLEDGMENT**

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Contractor is bound effective \_\_\_\_/\_\_\_\_/\_\_\_\_ Fulcrum Insurance Company.

Master Policy Number: CP1002566

**COVERAGE IN FORCE FOR NAMED CONTRACT ONLY.**

Public Entity is Named as Additional Insured:

\_\_\_\_\_  
Authorized Representative  
R.E. Chaix & Associates Insurance Brokers, Inc.  
License #0726213

\_\_\_\_\_  
Driver Alliant Insurance Services  
P.O. Box 28323, Santa Ana, CA 92799  
Ph: (949) 660-8163 Fax: (949) 756-2713  
License #OC36861

**Sample of Policy is on file with the Public Entity and can be provided upon request.**

## **VENDORS/CONTRACTORS LIABILITY PROGRAM**

### **HAZARD I CLASSES**

Providers of goods and services that are, by their nature, considered to have minimal exposure. They are providers of products manufactured by others and on premises services to the entity in a low impact setting as follows:

- Computer Software including training
- Consultants
- Distributors \*\*
- Draftsmen
- Electronic Data Processing
- Engineers or Architects Consulting (no actual construction)
- Express Companies
- Freight Forwarders
- Laundries
- Mailing/Addressing Companies
- Office Machine Service/Repair
- Paper Products Distributors
- Photographers
- Printers
- Temporary Employment Agencies\*\*
- Rental Companies (not contractor's equipment)\*\*
- Uniform Suppliers
- Vending Machine Operations

\*\* An application must be submitted for the insurance company's approval

## VENDORS/CONTRACTORS LIABILITY PROGRAM

### HAZARD II CLASSES

Low to medium hazard artisan contractors involving specific tasks considered primary and not subcontracted to others as follows:

- Alarm Installation/Service or repair
- Automobile Service or Repair (excluding emergency and transit)
- Cable Installers within buildings
- Carpentry
- Carpet Cleaning/Installation
- Caterers
- Communications Equipment Installation
- Cement & Concrete Flat Work
- Concrete Construction
- Conduit Construction within buildings
- Debris Removal
- Decorating
- Demolition (under two stories, no explosives or wrecking ball used\*\*)
- Door or Window Installation
- Drywall/Wallboard Installation
- Electrical Work in buildings
- Excavation
- Fence Erection
- Fire Extinguisher Service\*\*
- Fire Suppression Systems, Installation/Service/Repair\*\*
- Floor Covering Installation
- Furniture/Fixture Installation/Repair
- Glass Installation
- Grading of Land\*\*
- Graffiti Removal
- Heating and Air Conditioning Installation/Service/Repair
- Janitorial Service
- Landscaping/Lawn Mowing/Tree Trimming/Gardening
- Locksmiths

\*\* An application must be submitted for the insurance company's approval

## **VENDORS/CONTRACTORS LIABILITY PROGRAM**

### **HAZARD II CLASSES (Continued)**

- Metal Erection - Artistic/Decorative
- Masonry Work
- Modular Building Erection\*\*
- Painting (interior and exterior with exterior not to exceed three stories)
- Paperhanging
- Parking Lot Sweeping
- Pest Control - in buildings and related areas\*\*
- Plumbing
- Security Guards - Unarmed/no rock concerts\*\*
- Sheet Metal Work
- Sign Painting and Lettering (under two stories)
- Street Sweepers - No Auto Liability
- Telephone Cable Installation
- Tile, Stone, Marble Installation
- Window Cleaning (Exterior not to exceed three stories)

\*\* An application must be submitted for the insurance company's approval

**VENDORS/CONTRACTORS LIABILITY PROGRAM**

**RATE SCHEDULE**

**HAZARD I CLASSES:**

Contract Value Under \$75,000	1.2% of Contract Value Subject to a \$300 Minimum Premium
Contract Value \$75,000 or more	.9% of Contract value

**HAZARD II CLASSES:**

Contract Value Under \$75,000	1.7% of Contract Value Subject to a \$500 Minimum Premium
Contract Value \$75,000 or more	1.275% of Contract Value

**ADDITIONAL CHARGES:**

Surplus Lines Taxes and Fee:	3.25% of premium is charged on all contracts
Certificate Fee	\$50.00 flat charge per contract

**NOTE:**

- **TAXES AND FEES MUST BE ADDED TO EACH CONTRACT**
- **NO BINDING WITHOUT PRIOR APPROVAL**

**RATING EXAMPLE:**

\$25,000 Contract for Carpet Cleaning  
Carpet Cleaning listed as Hazard II Class  
Rate is 1.7% of \$25,000, subject to \$500 minimum premium  
Total Cost is: \$ 500.00 Minimum Premium  
                  16.75 Surplus Lines Taxes and Fees  
                  50.00 Certificate Fee  
                  \$ 566.75 Total

**VENDORS/CONTRACTORS PROFESSIONAL LIABILITY PROGRAM  
PROGRAM ADVANTAGES**

**TO THE PUBLIC ENTITY:**

- DEDICATED LIMITS FOR EACH CONTRACT
- SATISFIES CONTRACT MINIMUM PROFESSIONAL LIABILITY REQUIREMENTS
- PROGRAM IS PRE-APPROVED - EXPEDITES CONTRACT ISSUANCE
- ONE YEAR AUTOMATIC EXTENDED REPORTING ASSURES COVERAGE EVEN WHEN CLAIM IS DISCOVERED AFTER CONTRACT COMPLETION
- SIMPLE ENROLLMENT PROCESS - NO DEPOSIT REQUIRED TO IMPLEMENT

**TO THE VENDOR/CONTRACTOR:**

- PROGRAM IS PRE-APPROVED - EXPEDITES CONTRACT ISSUANCE
- LOW COST PREMIUMS, LOW DEDUCTIBLES, NO ADDITIONAL PAPERWORK
- NO PRIOR INSURANCE REQUIRED - NO NEED TO ALTER CURRENT INSURANCE PROGRAM

**NOTE: COVERAGE IS AVAILABLE ONLY FOR SPECIFIC CONTRACTS WITH PUBLIC ENTITY AND DOES NOT EXTEND TO OTHER WORK PERFORMED BY THE VENDOR/CONTRACTOR.**

**VENDORS/CONTRACTORS PROFESSIONAL LIABILITY PROGRAM  
PROGRAM OUTLINE**

<b>INSURANCE COMPANY:</b>	Royal Surplus Lines Insurance Company
<b>BEST'S GUIDE RATING:</b>	A+ (Group), Excellent, Financial Size Category FSC 14, \$1,500,000,000 to \$2,000,000,000
<b>CALIFORNIA STATUS:</b>	Non-Admitted
<b>POLICY TERM:</b>	August 1, 1999 until cancelled
<b>LIMITS:</b>	\$ 1,000,000 Per Occurrence \$ 1,000,000 Annual Aggregate <b>Limits apply separately to each vendor/contractor project and are inclusive of defense costs</b>
<b>COVERAGE:</b>	Miscellaneous Professional Liability Coverage includes: <ul style="list-style-type: none"><li>• <b>Claims Made Form</b> with Automatic One Year Extended Reporting</li><li>• Coverage is primary and non-contributory</li><li>• <b>Includes 30 Notice of Cancellation to Public Entity</b></li></ul>
<b>MAJOR EXCLUSIONS: (including but not limited to)</b>	<ul style="list-style-type: none"><li>• Bodily Injury or Property Damage</li><li>• Dishonest, Fraudulent or Criminal Acts</li><li>• Workers' Compensation</li><li>• ERISA and SEC violations</li><li>• Breach of Warranty</li><li>• False Advertising</li><li>• Nuclear</li></ul>

**EXCLUDED CONTRACTS:** Classes not listed in the Hazard Schedules are excluded unless approved by Underwriter

**DEDUCTIBLE:** \$500 Per Claim inclusive of defense costs

**HAZARD SCHEDULES/RATES:** See Attached

**DEPOSIT PREMIUM:** None to implement program. Full premium for each vendor/contractor is due at binding, prior to the Company's issuance of the certificate and is to include all applicable taxes and fees.

All contracts are subject to a \$500 Minimum Premium  
Taxes and Fees are in addition to Minimums

## PROCEDURE FOR PROGRAM USE

### TO ENROLL A SPECIFIC VENDOR/CONTRACTOR:

1. Secure the details and scope of work from the vendor/contractor.
2. Classify the contract in accordance with the schedule of Hazard classes
3. Based on the value of the contract, calculate the premium using the rate schedule. Please be sure to add on the taxes and fees.
4. Fax the “Request to Bind Coverage” to Driver Alliant Insurance Services at 949-756-2713.
5. Driver Alliant Insurance Services will confirm premium and provide Binder by return fax within 3 days.
6. Public Entity remits premium payment to Driver Alliant Insurance Services no later than ten days following the receipt of invoice. Remit Payment to:  
  
Driver Alliant Insurance Services  
PO Box 28323  
Santa Ana, CA 92799
7. Certificate of Insurance is issued by the Insurance Company and mailed to the contractor and the Public Entity.

**Note: Coverage cannot be bound until authorized by Robert F. Driver by return of binder and receipt of premium from the vendor/contractor by the public entity.**

**VENDORS/CONTRACTORS PROFESSIONAL LIABILITY REQUEST TO BIND COVERAGE**

*Complete top section and return to Driver Alliant Insurance Services along with a copy of the contract.  
Attention: Monique Navarro, Account Administrator*

**(COVERAGE IS NOT IN FORCE UNTIL BINDER RECEIVED FROM COMPANY)**

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Public Entity: \_\_\_\_\_ Fax: \_\_\_\_\_ Contact: \_\_\_\_\_

Vendor/Contractor: \_\_\_\_\_

Vendor/Contractor Mailing Address: \_\_\_\_\_

Description of Contract: \_\_\_\_\_ Contract Value: \_\_\_\_\_

Scope of Work: \_\_\_\_\_

Term of Contract: From: \_\_\_\_\_ To: \_\_\_\_\_ Hazard: \_\_\_\_\_ Rate: \_\_\_\_\_

List any professional liability claims actually made against you, or known incidents that might give rise to a Professional Liability claim in the past 5 years. \_\_\_\_\_

Please bind the above account effective \_\_\_\_/\_\_\_\_/\_\_\_\_  
with Surplus Lines Insurance Company of America

<b>Total Policy Premium:</b>	\$ _____
<b>State Tax (3%):</b>	\$ _____
<b>Stamping Fee (.35%):</b>	\$ _____
<b>Total Amount Due:</b>	\$ _____

Driver Alliant Insurance Services  
P.O. Box 28323, Santa Ana, CA 92799  
Ph: (949) 660-8163 Fax: (949) 756-2713  
License #OC36861

**ATTACH A COPY OF THE CONTRACT.**

Official Binder will be returned via facsimile within three business days.

**Sample of Policy is on file with the Public Entity and can be provided upon request.**

## **VENDORS/CONTRACTORS PROFESSIONAL LIABILITY PROGRAM**

### **HAZARD 1 CLASSES**

- Actuaries/Actuarial Consultants
- Agricultural Consultants
- Bookkeepers
- Claims Adjusters
- Communications Consultants
- Computer Consultants
- Court Clerks
- Court Reporters
- Electronic Data Processing Firms
- Interior Decorators (Non-structural)
- Management Consultants
- Marketing Agencies/Consultants
- Mailing/Addressing Companies
- Printers (Non-coupon)
- Programmers
- Risk Management Consultants
- Systems Integrators
- Translators
- Travel Agents
- Typing Services

## **VENDORS/CONTRACTORS PROFESSIONAL LIABILITY PROGRAM**

### **HAZARD 2 CLASSES**

- Answering Services
- Benefit Plan Administrators
- Broadcasters
- Collection Agencies
- Credit Bureaus
- Energy Auditors/Consultants
- Environmental Consultants
- Expert Witnesses
- Geological Consultants
- Process Servers
- Public Relations Firms
- Testing Laboratories
- Zoo and Museum Exhibit Designers

**VENDORS/CONTRACTORS PROFESSIONAL LIABILITY PROGRAM**

**RATE SCHEDULE**

**HAZARD 1 CLASS:**

Contract Value Under \$75,000	1.5% of Contract Value
Contract Value \$75,000 or more	1.2% of Contract value

**HAZARD 2 CLASS:**

Contract Value Under \$75,000	2.25% of Contract Value
Contract Value \$75,000 or more	1.80% of Contract Value

**ALL CONTRACTS ARE SUBJECT TO A \$500 MINIMUM PREMIUM PLUS 3.25% SURPLUS LINES TAXES AND FEES.**

**NO BINDING WITHOUT PRIOR UNDERWRITING APPROVAL**

**RATING EXAMPLE:**

\$25,000 Contract for Computer Consulting  
Computer Consulting is listed as Hazard 1 Class  
Rate is 1.5% of \$25,000, subject to \$500 minimum premium  
Total Cost is: \$ 500.00 Minimum Premium  
                  16.75 Surplus Lines Taxes and Fees  
                  \$ 516.75

**VENDORS/CONTRACTORS EMPLOYEE DISHONESTY  
PROGRAM OUTLINE**

<b>INSURANCE COMPANY:</b>	National Union Fire Insurance Company
<b>BEST'S GUIDE RATING:</b>	A++, Superior, FSC XV, Financial Size Category \$2,000,000,000 or more
<b>CALIFORNIA STATUS:</b>	Admitted
<b>POLICY TERM:</b>	Annual from selected effective date
<b>COVERAGE:</b>	<p>Employee Dishonesty coverage, protects the public entity from loss by the dishonest acts of its vendors' or contractors' employees.</p> <ul style="list-style-type: none"><li>• Public entity as named insured with direct right of recovery.</li><li>• Covers employees of scheduled vendors or contractors only.</li><li>• <b>Claims Made Form</b> with 60 day automatic extended reporting.</li><li>• Coverage is primary and non-contributory.</li></ul>
<b>MAJOR EXCLUSIONS: (including but not limited to)</b>	<ul style="list-style-type: none"><li>• Acts committed by the public entity or principal/owner of the scheduled vendor. Coverage may be amended to include owner or a sole proprietorship with underwriter review and approval.</li><li>• Seizure or destruction of property by order of a government authority</li><li>• Indirect loss or inability to realize income</li><li>• Legal Expenses</li><li>• Nuclear</li><li>• War and similar actions</li><li>• Vendor Employee Cancelled under prior insurance</li><li>• Inventory Shortages</li></ul>

**LIMITS:**

As needed - up to \$50,000,000

**Limits apply per occurrence, no aggregate**

**DEDUCTIBLE:**

First dollar coverage is available with  
underwriter approval

**TO OBTAIN A QUOTATION AND IMPLEMENT COVERAGE**

Complete application and submit to Driver Alliant Insurance Services  
along with a copy of the contract.