



# University of California Business and Finance Bulletin

Executive Vice President –  
Chief Financial Officer

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**Insurance Requirements/Certificates of Insurance**  
<http://www.ucop.edu/ucophome/policies/bfb/bus63.html>

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**Business and Finance Bulletin Home Page:** <http://www.ucop.edu/ucophome/policies/bfb/>

## I. REFERENCES

- A. Insurance requirements for construction-related contracts contained in the University of California [Facilities Manual](#)
- B. University of California [Standard Terms and Conditions of Purchase](#)
- C. Business and Finance Bulletin G-28, [Policy and Regulations Governing Travel](#).

## II. PURPOSE

This Bulletin outlines University insurance requirements and describes assignment of responsibilities within the University Risk Management Program for Certificates of Insurance issued on behalf of or to the University.

## III. INTRODUCTION

A Certificate of Insurance is a document that provides evidence that an individual or entity has adequate insurance coverage in force to protect the interests of the University of California and other parties when necessary. A Certificate is issued:

- A. By the University or by University insurance carriers as evidence of the University’s insurance coverage to non-University parties in connection with risk incurred by the University.
- B. To the University by insurance carriers and/or self-insurance administrators as evidence of non-University party’s insurance in connection with risks incurred by independent contractors, consultants, vendors, and other service providers performing any type of work or activity under a service agreement, purchase order, or any other contract entered into by the University.

- C. To the University by insurance carriers and/or self-insurance administrators as evidence of non-University party's insurance in connection with risks incurred by external users of University facilities, University support groups, registered student organizations, commercial tenants, or other non-University entities not covered by the University's insurance or self-insurance programs. Such entities are solely responsible for acts, errors, and omissions resulting from their activities, programs, and/or operations.

#### IV. GUIDELINES

##### A. Certificates of Insurance Provided by the University of California

1. If an administrative unit needs to obtain a Certificate of Insurance or evidence of self-insurance coverage, a request must be submitted to the local Risk Management office at least 25 days before the covered event or engagement begins. The local Risk Management office should be consulted early in any contracting process regarding insurance and indemnification contract provisions. The following information is needed to initiate the process:
  - a. the name and address of the individual or entity requesting a Certificate,
  - b. the location of the event,
  - c. the effective date and duration of the event,
  - d. a description of planned activities,
  - e. the name of any sponsoring organization(s),
  - f. a general description of who will be participating,
  - g. the insurance limits required, and
  - h. a copy of the associated contract, license, permit, letter of understanding, and/or purchase order.
2. A request for the issuance of a Certificate of Insurance for University coverage in excess of self-insured retentions must be submitted at least 15 days before the event or engagement to the local Risk Management office. Each such request is reviewed by and processed through the University's insurance broker. The requesting administrative unit must provide a copy of the associated contract, license, permit, letter of understanding, and/or purchase order to allow for proper risk evaluation and control.

The self-insured retentions under the University's liability and property programs are as follows:

Property Self-Insurance Program ( <a href="#">BUS-28</a> )	\$7,500,000
General Liability, Automobile Liability and Employment Practices Liability Self-Insurance Program ( <a href="#">BUS-75</a> )	\$7,500,000
Professional Medical and Hospital Liability Self-Insurance Program ( <a href="#">BUS-9</a> )	\$7,500,000

## B. Certificates of Insurance Issued to the University of California

Independent contractors, consultants, vendors, and/or other service providers performing work/services under a contract, purchase order, or other agreement for the University must include as part of their contractual obligation a provision to defend and hold the University harmless from any loss, injury, or damage occurring during the performance of their work, and must indemnify The Regents for any loss suffered as a result of negligence on the part of the contractors, consultants, affiliates, or service providers, including their employees, agents, and sub-contractors.

External users of University facilities, University support groups, registered student organizations, commercial tenants, or other entities separate from the University who are responsible for their own acts, errors, and omissions. Any agreement or contract must include a provision to defend and hold the University harmless from any loss, injury, or damage occurring from their activities, programs, and/or operations, and must indemnify the Regents for any loss suffered as a result of their negligence.

Under the terms and conditions of any contract, purchase order, or other agreement, the non-University entity is required to show evidence of adequate insurance coverage by furnishing Certificate(s) of Insurance indicating compliance with all requirements.

1. All Certificates of Insurance issued to the University:
  - a. Must provide advance written notice to the University in accordance with policy provisions of any modification, change, or cancellation of any component of the insurance coverage.
  - b. Except for Professional Liability and Workers' Compensation Insurance, must name The Regents of the University of California as an additional insured party. Such a provision shall apply in proportion to and to the extent of any negligent acts or omissions of the non-University party or any person or persons under the non-University party's direct supervision and control.
  - c. For Professional Liability coverage, must include Contractual Liability Coverage and Defense and Indemnification of The Regents by the contracting party. Although defense and indemnification language may be standard in an insurance policy, to ensure appropriate coverage, the contract should specifically include the aforementioned defense and indemnity language.
  - d. For General Liability coverage, must include a Primary and Non-Contributory provision and a Severability of Interest provision. These provisions may be standard in an insurance policy form. If not, endorsements are required.
2. The Office of Risk Services in the Office of the President publishes an insurance matrix that recommends the minimum insurance limits required for various University activities. This matrix will be updated periodically and posted on the

Office of the President, [Office of Risk Services website](#) and appended to this Bulletin. Exceptions to the published insurance requirements may be developed by local Risk Managers in consultation with responsible campus or medical center administrators, following an appropriate risk identification analysis. Local Risk Management Offices may determine that little or no risk is involved, and may lower or eliminate coverage requirements. Conversely, local Risk Management Offices may determine that additional risk is present, and may raise coverage requirements (See Section V.A.2., below, and the insurance matrix and applicable attached Exhibits).

#### C. Certificates of Insurance from Self-Insured Entities

Large companies are often self-insured and may not be able to provide a Certificate of Insurance. As an option, a statement signed by an authorized corporate officer assuming liability on behalf of the company will be acceptable if the local Risk Management office determines that the company has the necessary financial resources to guarantee payment when such liability is imposed by law. A determination as to *necessary financial resources* depends on the type of business and is as follows:

1. Non-Publicly Traded Entity: a debt to net worth ratio of no more than 60%. The formula used is:  
$$\text{(Current Liabilities)} / \text{(Tangible Net Worth)} = \text{Current Debt to Net Worth Ratio}$$
2. Publicly Traded Entity: a credit rating of A- or better from Standard and Poor's or a similar rating agency.
3. Public Agency: This requirement is not applicable.

In evaluating the acceptability of an entity's self-insurance, the local Risk Management Office should obtain a recently audited financial statement and a description of the entity's self insurance program, including information on how the program is funded.

### V. RESPONSIBILITIES

#### A. Campus and Medical Center Responsibilities

1. Chancellors or local Risk Management offices will ensure that the requirements described in this Bulletin have been met *before* the commencement date of a contract, purchase order, or other agreement for services.
2. In certain situations, a local Risk Management office may develop exception criteria for the parameters expressed in Section IV.B.2, above. These criteria must be developed in consultation with the campus or medical center administrators. In some instances, a local Risk Management office may determine that additional risk is involved and that higher limits are required, while in other instances a local Risk Management office may determine that lower limits are

justified. (However, no exceptions may be made to the requirement for aircraft pilot qualifications.)

In the event the local Risk Management office and the campus or medical center administrators do not concur, the final determination will be made by the University Chief Risk Officer (or designee).

3. Campuses and medical centers must abide by the minimum insurance limits specified in this Bulletin, unless they have established other limits through the process described in section V.A.2, above.

In the event the local Risk Management office and the campus or medical center administrators do not concur, the final determination will be made by the University Chief Risk Officer (or designee).

4. The local Risk Management office will issue Certificates in all cases except for those requiring evidence of coverage in excess of self-insured retentions.

#### B. Office of the President Responsibilities

1. The Chief Risk Officer is responsible for the development of policy regarding Certificates of Insurance.
2. The Chief Risk Officer (or designee) will periodically audit and review Certificates of Insurance issued on behalf of or to the University of California, including terms and conditions referred to under Sections V.A.2., V.A.3., and V.A.4., above. Based upon the audit and review, the Chief Risk Officer may issue additional guidelines as needed.
3. The Chief Risk Officer (or designee), as necessary, will make the final determination under the terms and conditions referred under Sections V.A.2. and V.A.3., above.
4. The Office of Risk Services in the Office of the President is available to advise local Risk Management offices on requests for Certificates of Insurance to be provided by the University to non-University entities, contractors, agencies, or other service providers.
5. The Office of Risk Services in the Office of the President is available to assist local Risk Management offices in performance of Section V.A.2. above.

Attachments:

[Vendor Matrix: Suggested Coverage Limits](#)

<a href="#">Exhibit A</a>	Potential Environmental and Regulatory Liabilities at Colleges and Universities
<a href="#">Exhibit B</a>	Insurance and Indemnification Guidelines for the Use of Aircraft Not Owned by the University
<a href="#">Exhibit C</a>	Corporate Insurance Guidelines for the Use of Aircraft Not Owned by the University
<a href="#">Exhibit D</a>	Insurance Requirements for Construction-Related Contracts/Service Agreements
<a href="#">Exhibit E</a>	UC Limits and Coverage Vendor Matrix: Suggested Coverage Limits