



**SWEETWATER UNION HIGH SCHOOL DISTRICT
HUMAN RESOURCE SERVICES DIVISION**

www.sweetwaterschools.org

1130 Fifth Avenue
Chula Vista, CA 91911-2896

General Information:

Phone: (619) 691-5530
Fax: (619) 420-6836

Sandra C. Huevo
Assistant Superintendent •
PH: (619) 585-6010
FAX: (619) 407-4948

Dr. Milena Aubry
Director of Human Resources •
PH: (619) 691-5504 / 585-6001
FAX: (619) 420-6836


Todd Torgerson
Director of Risk Management/HR •
PH: (619) 407-4900
FAX: (619) 407-4901

Pamela Tipp
Labor Relations Specialist •
PH: (619) 585-6004
FAX: (619) 407-4948

Mary Wager
HR Operations Manager
PH: (619) 585-6002
FAX: (619) 420-6836

MEMORANDUM

TO: Sandra Huevo, Assistant Superintendent of Human Resources

FROM: Todd Torgerson, Director of Risk Management/Human Resources 

DATE: June 25, 2015

SUBJECT: REQUEST FOR INFORMATION RE BOARD ITEMS G-7 AND G-9

The Sweetwater Union High School District is insured through the San Diego County Schools Risk Management Joint Powers Authority (JPA), which provides and affords risk transfer and risk financing for property, crime, workers' compensation, liability and excess insurance. The District's general liability line of coverage through the JPA provides limits up to \$55,000,000. This is the District's primary means of risk contractual risk transfer and is a significant increase over prior year's coverage limits of \$25,000,000. For property coverage the JPA has limits of \$500,000,000. The JPA Risk Management Unit was established in 1976 and is a partner with the San Diego County and Imperial County schools that include sixty five (65) member districts. The unit's mission is to provide risk management programs such that each member district's assets are protected against loss. *When the District's losses are prevented and reduced, more money is made available to better serve and support the school sites and to achieve the District's mission and vision of 100% student success.*

To ensure best practices in liability transfer the Risk Management Department, along with the JPA, review the insurance limits, indemnification language and hold harmless language to ensure sufficient risk transfer. Risk financing and transfer takes place first with the JPA as noted above. In addition to the coverage provided by the JPA, and with respect to the agreements by and between the Sweetwater Union High School District, the YMCA and South Bay Community Services, each of the MOU's were specifically reviewed by the Risk Management Department. The insurance limit and insurance language changes, and the changes to the indemnification language contained in the MOU's were then forwarded and reviewed by the JPA. The attached insurance requirement page was specifically created and added to each of the MOU's to insure adequate and additional contractual risk transfer.

The District, as always, retains the right at any time to review the coverage, form and amount of insurance contained and required in the agreements, and may request a contractor/vendor to

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obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required. Additionally, the District requires verification of coverage through the issuance of a "Certificate of Insurance" that specially names the District, its officers, officials and employees, etc., as additional insureds on the liability policy of the contractor/vendor. These contractual risk transfer techniques and risk financing best practices protect the District from the adverse effects of accidental and business loss, thereby allowing the District to use its financial resources to serve and support the students and families of the District.

Insurance Requirements

INSURANCE

Without limiting Contractor's indemnification obligations to District, Contractor shall provide at its sole expense and maintain for the duration of this Agreement, or as may be further required herein, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Services hereunder and the results of the Services by the Contractor, his agents, representatives, employees or Subcontractors.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

- (a) Commercial General Liability, Occurrence form, Insurance Services Office form CG0001.
- (b) Automobile Liability covering all owned, non-owned, hired auto Insurance Services Office form CA0001.
- (c) Workers' Compensation, as required by State of California and Employer's Liability Insurance.
- (d) Professional Errors and Omissions Liability.
- (e) Property Insurance.

Minimum Limits of Insurance

Contractor shall maintain limits no less than:

- (a) Commercial General Liability including Sexual Abuse, Premises, Operations, Products and Completed Operations, Contractual Liability, and Independent Contractors Liability: \$2,000,000 per occurrence for bodily injury, personal injury and property damage. The Location Specific Aggregate limit shall be \$4,000,000.
- (b) Automobile Liability: \$1,000,000 each accident for bodily injury and property damage.
- (c) Employer's Liability: \$1,000,000 each accident for bodily injury or disease. Coverage shall include a waiver of subrogation endorsement in favor of District.
- (d) Professional Errors and Omissions Liability: \$1,000,000 per claim with an aggregate limit of not less than \$2,000,000. Any self-retained limit shall not be greater than \$25,000 per occurrence/event without District's Risk Manager's approval. Coverage shall include vicarious interest endorsement to the District. If the policy contains one or more aggregate limits, a minimum of 50% of any such aggregate limit must remain available at all times; if over 50% of any such aggregate limit has been paid or reserved, District will require additional coverage to be purchased by Contractor to restore the required limits. This coverage shall be maintained for a minimum of three years following termination or completion of Contractor's Services pursuant to the Agreement.
- (e) Property Insurance: Contractor shall provide insurance on all property owned by Contractor and provided under this Agreement. Such policy shall provide "all risk" perils, including flood, and shall be written on a basis of one hundred percent (100%) replacement value of the property. Coverage shall include business personal property, tenant improvements, business interruption, property of others, in the care, custody, and control of the insured, and transit. Any deductible or self-insured retention shall be the responsibility of Contractor.

Deductibles and Self-Insured Retentions

Any deductible or self-insured retention must be declared to and approved by the District's Risk Manager. At the option of the District, either: (i) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the DISTRICT; or (ii) the Contractor shall provide a financial guarantee satisfactory to the District guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

Other Insurance Provisions

The general liability, automobile liability and professional liability policies are to contain, or be endorsed to contain the following provisions:

Additional Insured Endorsement (Does not apply to professional liability)

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation:** as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
4. **Professional Liability (Errors and Omissions):** Insurance appropriate to the Contractor's profession, with limit no less than **\$1,000,000** per occurrence or claim, **\$2,000,000** aggregate.

If the contractor maintains higher limits than the minimums shown above, the Entity requires and shall be entitled to coverage for the higher limits maintained by the contractor.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The Entity, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10 and CG 20 37 forms if later revisions used).

Primary Coverage

For any claims related to this contract, the **Contractor's insurance coverage shall be primary** insurance as respects the Entity, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Entity, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

Notice of Cancellation

Each insurance policy required above shall provide that **coverage shall not be canceled, except with notice to the Entity.**

Waiver of Subrogation

Contractor hereby grants to Entity a waiver of any right to subrogation which any insurer of said Contractor may acquire against the Entity by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the Entity has received a waiver of subrogation endorsement from the insurer.

➤ *Deductibles and Self-Insured Retentions*

Any deductibles or self-insured retentions must be declared to and approved by the Entity. The Entity may require the Contractor to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the Entity.

➤ *Claims Made Policies (note – should be applicable only to professional liability, see below)*

If any of the required policies provide claims-made coverage:

1. The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided ***for at least three (3) years after completion of the contract of work.***
3. If coverage is canceled or non-renewed, and not replaced ***with another claims-made policy form with a Retroactive Date prior to*** the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of ***three (3) years*** after completion of work.

Verification of Coverage

Contractor shall furnish the Entity with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the Entity before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's

obligation to provide them. The Entity reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

No Limitation of Obligations

The foregoing insurance requirements as to the types and limits of insurance coverage to be maintained by Contractor, and any approval of said insurance by the District are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Contractor pursuant to the Agreement, including, but not limited to, the provisions concerning indemnification.

Review of Coverage

District retains the right at any time to review the coverage, form and amount of insurance required herein and may request Contractor to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required.