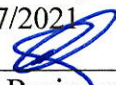


Standard Operating Procedure:	Certificates of Insurance
Division:	Office of Sponsored Programs
Effective Date:	01/27/2021
Executive Director Approval:	
Reference to ASC or State Policy:	CSU Business Practices Section 5.0
Revisions:	CSU Memo 2012-01 CSURMA Procedural Manual

- I. PURPOSE:** To establish the standard procedure to document the process of tracking certificates of insurance to ensure certificates of insurance are received prior to the rendering and payment of services.
- II. SCOPE:** This procedure applies to all service contracts/agreements requiring a certificate of insurance including independent contractor agreements and service agreements executed through a sponsored program or campus program.
- III. OBJECTIVE:** The objective of the service contracts/agreements is intended to ensure that CSU Fullerton Auxiliary Services Corporation (ASC) personnel identify the need to execute service contracts/agreements and oversee the contractual agreement before processing the invoice payment. This process helps to make sure that expenditures are properly supported, terms and conditions are clearly outlined, risk management provisions are met, and decreases ASC financial liabilities and exposure.
- IV. WHEN A CERTIFICATE OF INSURANCE IS REQUIRED.** The following limits and coverages are needed when service agreements and independent contractor agreements require the vendor/contractor to provide a certificate of insurance.

Commercial General Liability: Limits coverage in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate combined single limit written on occurrence form for personal injury and bodily injury liability, and property damage, including premises/operations, broad form property damage, products/completed operations, contractual liability and independent contractors. Errors and Omission insurance is required for professional services and consultants.

Business 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.

Liquor Liability (where applicable): This coverage necessary if contractor/vendor will be providing liquor/beer/wine service. Minimum amount of coverage \$1,000,000.

Workers Compensation: As required by the State of California, including Employer Liability coverage of not less than \$1,000,000.

The vendor's insurance carrier must be rated A-VII at minimum, according to A.M. Best & Company. Vendor and vendor's insurance carrier waive their rights of subrogation.

Additional Insured Endorsement (except for Workers Compensation): The State of California, Trustees of the California State University, California State University Fullerton, CSU Fullerton Auxiliary Services Corporation, and all of its other departments, boards, volunteers, commissions, and its officers, employees and agents are hereby declared to be additional insureds as respects to the activities of named insured.

Indemnification: [Vendor – Sub-Contractor] shall indemnify, defend and hold harmless the State of California, the Trustees of the California State University, California State University Fullerton, CSU Fullerton Auxiliary Services Corporation, their officers, employees, representatives, agents, and volunteers from and against any and all liability, loss, damage, expense, costs (including without limitation costs and fees of litigation) of every nature arising out of or in connection with [Vendor – Contractor] performance of work hereunder or its failure to comply with any of its obligations contained in the agreement, except such loss or damage which was caused by the sole negligence or willful misconduct of the Campus or CSU Fullerton Auxiliary Services Corporation.

- Vendor waives the subrogation rights of the insurer and releases the ASC from liability for any loss or damage covered by said insurance.
- ASC shall not be liable for the payment of premiums or assessments on this policy.
- Should any of the described policies be cancelled before the expiration date set forth in this certificate, the issuing company will endeavor to mail 30 days written notice to the certificate holder, ASC.
- The insurance coverage provided by insured will be primary protection and certificate holder insurance will be in excess of and not contribute with insurance provided by this policy.

ASC in addition to any other remedies it may have if party in agreement or contractor fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, the ASC may, after providing notice to party in agreement or contractor and providing party in agreement or contractor opportunity to provide such policies or policy endorsements, at its sole option:

- Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under agreement;

- Order party in agreement or contractor to stop work under this agreement or contract and or without any payment(s) which become due to party in agreement or contractor hereunder until party in agreement or contractor demonstrates compliance with the requirements hereof.

Exercise of any of the above remedies, however, is an alternative to other remedies ASC may have and is not exclusive remedy for parties in agreement or contractor's failure to maintain insurance or secure appropriate endorsements.

V. WHEN A CERTIFICATE OF INSURANCE IS NOT REQUIRED: Agreements under \$3000 cumulative in a year do not require a Certificate of Insurance (COI). In lieu of the COI an insurance waiver must be submitted, approved and on-file.

VI. INSURANCE REQUIREMENTS: Hiring someone (individual, contractor, corporation, etc.) to perform a service for ASC involves risks. The type and level of risk will vary depending on the services to be performed.

The CSU requires contracts to contain certain minimum insurance coverages and limits in order to mitigate those risks. The vendor (individual, contractor, corporation, etc.) must provide evidence of adequate insurance coverage including a certificate of insurance that includes additional insured endorsements. The endorsement is to be on a separate page and the wording on the endorsement is to be exactly as follows:

The State of California; the Trustees of the California State University; California State University, Fullerton; CSU Fullerton Auxiliary Services Corporation; and the officers, employees, volunteers, and agents of each of them are included as additional insureds.

Coverage shall not be canceled, modified, or reduced without thirty (30) days advance written notice to the University, delivered by certified mail, return receipt requested.

VII. INSURANCE WAIVER: Low-risk activities valued at/below \$3000 in aggregate in a calendar year may qualify for an insurance waiver. The insurance waiver request form should be completed by the Principal Investigator/Project Director and submitted to ASC for review and approval prior to the full execution of the service agreement.

VIII. INTERNAL PROCEDURE: The following statements outline the ASC procedure to collect and track certificates of insurance for independent contracts and service agreements.

The project's administrator reviews the scope of work for the types of insurance coverage that may be required: Commercial & General Liability, Automobile, Workers' Compensation, and Professional Omissions & Errors. The administrator will contact the vendor/contractor to request the appropriate certificates of insurance including the additional insured endorsements required by ASC policy. Upon receipt of these documents, the administrator forwards the agreement, certificates of insurance, (as applicable) to the Executive Director for execution. The Sponsored Programs Director is copied in also.

The Director of Sponsored Programs will designate an administrator within the department to maintain a log of all the independent contractor and service agreements and the insurance certificate expiration dates for both campus and sponsored programs (IC Log Administrator).

The Executive Director will forward the signed Agreement to OSP. The OSP project administrator will forward the signed agreement, certificate of insurance (if applicable) and purchase order request to ASC Financial Services (FS).

When FS assigns a Purchase Order number, FS will send the purchase order number to the requestor, the OSP project administrator, and the IC Log Administrator.

The IC Log Administrator will add the agreement information, purchase order number, and insurance information to the Independent Contractor Log. They will then review the COI log monthly and notify the Sponsored Programs project administrator for the project to request a renewal of insurance certificates that expire before the agreement/contract has ended. Contractor invoices for work performed after an insurance certificate expires will not be paid until the contractor provides renewed insurance certificates.

At the end of an agreement, the IC Log Administrator will confirm that all contractor payments were issued and that the Purchase Order encumbrance was removed from the project account.

- IX. APPROVALS:** All certificate of insurance requirements are reviewed by OSP administrator and OSP compliance officer to ensure all documentation has been received and is updated as needed
- X. CONTROL & COMPLIANCE:** ASC accounts payable personnel will process the invoice payment when (1) service contracts/agreements are fully executed;(2) all supporting documents are on file, reviewed and approved by OSP administrator; and (3) approved by the Executive Director or designee. If accounts payable personnel do not have fully executed service contracts/agreements with a certificate of insurance or adequate documents on file, the invoice payment request will be forwarded to the assigned OSP administrator.