



## INSURANCE REQUIREMENTS:

### Indemnification and Insurance

Contracts generally require the following but these requirements must be verified in your specific contract.

- The contractor's obligation for insurance is contained in various sections of the [Standard Specifications](#). Section 3-1.07, "Insurance Policies," has provisions describing the types of insurance documents required from the successful bidder.
- Section 3-1.18, "Contract Execution," requires the contractor to submit the insurance documents at the time the contract is executed.
- Section 7-1.05, "Indemnification," requires the contractor to indemnify Caltrans.
- Section 7-1.06, "Insurance," requires the contractor to carry liability insurance without allowing it to lapse.
- The contractor must also have railroad protective liability insurance when required by the contract. Requirements for railroad insurance vary depending on the railroad company involved. If the contract involves a railroad company, Caltrans makes the insurance requirements available in an *Information Handout* in a document titled "Railroad Relations and Insurance Requirements."
- The contractor must secure the payment of worker's compensation in accordance with Labor Code section 3700 and certify in the contract their awareness of section 3700 and its requirements.
- If a contractor's employees may be exposed to an injury subject to the U.S. Longshoremen's and Harbor Workers' Compensation Act, the Jones Act, or under laws, regulations, or statutes applicable to maritime employees, the insurance must cover such injuries or claims.

### Evidence of Insurance

The contractor may show evidence of insurance in one of two ways:

1. The contractor may bid on any Caltrans construction contract without first obtaining insurance. If the contractor is the apparent low bidder, it must submit the insurance documents to the Office Engineer as a condition of contract approval.
2. To expedite contract execution and approval, a contractor may be pre-approved for the insurance requirements before bidding on a Caltrans' contract. If a contractor requests and submits the required documents, the Division of Construction will issue a certificate of pre-approved insurance. The certificate is valid until the insurance policy expiration date. The Division of Construction has posted information and instructions for pre-approval of a contractor's insurance on its website at: <http://www.dot.ca.gov/hq/construc/riskmanagement/insurancepreapproval/>

NOTE: *A joint venture is treated as an individual contractor. Insurance requirement for a joint venture is the same as that required of a contractor.*

### Construction Liability Insurance Limits and Documents Required

The following are excerpts and are not the complete insurance specifications for Caltrans contracts. They are included here to show the liability insurance limits and the documents needed for the convenience of the contractor. Please refer to the special provisions of your specific contract for the complete insurance requirements.

#### 3-1.07 INSURANCE POLICIES

The successful bidder must submit:

1. Copy of its commercial general liability policy and its excess policy or binder until such time as a policy is available, including the declarations page, applicable endorsements, riders, and other modifications in effect at the time of contract execution. Standard ISO form no. CG 0001 or similar exclusions are allowed if not inconsistent with section 7-1.06. Allowance of additional exclusions is at the discretion of the Department.

2. Certificate of insurance showing all other required coverages. Certificates of insurance, as evidence of required insurance for the auto liability and any other required policy, shall set forth deductible amounts applicable to each policy and all exclusions that are added by endorsement to each policy. The evidence of insurance shall provide that no cancellation, lapse, or reduction of coverage will occur without 10 days prior written notice to the Department.
3. A declaration under the penalty of perjury by a CPA certifying the accountant has applied GAAP guidelines confirming the successful bidder has sufficient funds and resources to cover any self-insured retentions if the self-insured retention is over \$50,000.

If the successful bidder uses any form of self-insurance for workers compensation in lieu of an insurance policy, it shall submit a certificate of consent to self-insure under Labor Code § 3700.

**7-1.06D Liability Insurance**

**7-1.06D(1) General**

Carry General Liability and Umbrella or Excess Liability Insurance covering all operations by or on behalf of you providing insurance for bodily injury liability and property damage liability for the following limits and including coverage for:

1. Premises, operations and mobile equipment
2. Products and completed operations
3. Broad form property damage (including completed operations)
4. Explosion, collapse, and underground hazards
5. Personal injury
6. Contractual liability

**7-1.06D(2) Liability Limits/Additional Insureds**

The limits of liability must be at least the values shown in the following table:

<b>Liability Limits</b>				
Total bid	For each occurrence <sup>a</sup>	Aggregate for products/completed operation	General aggregate <sup>b</sup>	Umbrella or excess liability <sup>c</sup>
≤ \$1,000,000	\$1,000,000	\$2,000,000	\$2,000,000	\$5,000,000
> \$1,000,000 ≤ \$10,000,000	\$1,000,000	\$2,000,000	\$2,000,000	\$10,000,000
> \$10,000,000 ≤ \$25,000,000	\$2,000,000	\$2,000,000	\$4,000,000	\$15,000,000
> \$25,000,000	\$2,000,000	\$2,000,000	\$4,000,000	\$25,000,000

<sup>a</sup> Combined single limit for bodily injury and property damage.

<sup>b</sup> This limit must apply separately to your work under this Contract.

<sup>c</sup> The umbrella or excess policy must contain a clause stating that it takes effect (drops down) in the event the primary limits are impaired or exhausted.

Do not require a small business subcontractor to carry liability insurance that exceeds the limits shown in the preceding table. For a small business subcontractor, interpret "Total Bid" in the table as the dollar amount of subcontracted work.

**Insurance Document Checklist**

This checklist is a quick guide to meet the insurance document requirements but does not address every requirement in the insurance specifications. It is also not a contractual document.

INSURANCE POLICY DESCRIPTION	BINDER	REQUIRED DOCUMENT	POLICY BINDER PERIOD	
			From	To
Commercial General Liability (CGL)	Accepted	Complete policy		
Excess/Umbrella coverage	Accepted	Complete policy		
Automobile Insurance	Accepted	Only Acord certificate		
Workers' Compensation	Accepted	Acord form or <b>State Fund</b> issued certificate O.K.		
U.S. Longshoreman's and Harbor Workers' Compensation Act (if applicable, e.g., if over water)	Accepted	Only Acord certificate		
Jones Act (if applicable)	Accepted	Only Acord certificate		
Railroad Protective Insurance if required by special provisions	Accepted	Send policy or binder per special provisions. Acord certificate to Office Engineer		

Items to be check for in each document:

1. CGL and Excess/Umbrella Policies (Submit actual policies and certificate of insurance or Acord form)
  - Name of Insurer
  - Policy Number
  - Policy Period
  - Name of insured(s) (This should match the contractor's name)
  - Additional Insured Endorsement (should specify 'State of California, Department of Transportation' and any other party required by the contract)
  - Policy limits meet or exceed those based on contractor's "Total Bid" in insurance table under section 7-1.06D (2), "Liability Limits/Additional Insureds," of the Standard Specifications in contract special provisions Declarations Page
  - Self-insurance endorsement (if applicable)
  - CGL policy language (about 13 pages for CGL or 5 pages for excess/umbrella if using the standard ISO forms)
  
2. Self-insured retention (SIR) (based upon a self-insurance endorsement). This may apply to both the CGL and excess policies.
  - Notice of election to self-insure
  - Notification to which self-insurance applies
  - Amount of self-insurance
  - CPA declaration (under penalty of perjury) that contractor has sufficient funds or resources to cover SIR of \$50,000 or higher
  
3. Certificate of Insurance or Acord form O.K. for the following insurance policies if items below are addressed: auto liability; workers' compensation; U.S. Longshoreman's and Harbor Workers' Compensation Act (if applicable); Jones Act (if applicable).
  - Name of insurer
  - Policy number
  - Policy period
  - Policy coverage (for auto, must show coverage for all owned, hired and non-owned automobiles)
  - Name of insured(s) (This should match the contractor's name)
  - Policy limits (amount per statute of based upon specifications)

4. Railroad Protective Insurance or other coverage required by specifications (if applicable)
- Is Railroad Protective Insurance required? (Check Section 5-1.20C of special provisions.)
  - Name of insurer
  - Policy number
  - Policy period
  - Policy Limits (amount is based upon special provisions)
  - Name of Insured(s) (Refer to special provisions)

NOTE: *If the contract includes an agreement with a railroad company, Caltrans makes the provisions of the agreement available in the Information Handout in a document titled "Railroad Relations and Insurance Requirements." Comply with the requirements in that document.*

5. A.M. Best Financial Strength Rating: Section 7-1.06B, "Casualty Insurance," requires:
- Insurer is an A.M. Best rated A- or better (Register and verify A.M. Best rating and Financial Strength Category at: <http://www.ambest.com>)
  - Insurer's A.M. Best Financial Size Category of VII or better. Double click on company name to view its A.M. Best Financial Size Category

For further information, contact:

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**CALIFORNIA DEPARTMENT OF TRANSPORTATION  
CONTRACTOR LIABILITY INSURANCE**

*The following are excerpts from Caltrans 2015 Standard Specifications. Specifications are subject to change so refer to the project's contract requirements for specific insurance requirements.*

*The word "your" and "you" in the Standard Specifications refers to the contractor awarded the contract or bidders if prior to award.*

[http://www.dot.ca.gov/hq/esc/oc/construction\\_contract\\_standards/std\\_specs/2015\\_StdSpecs/2015\\_StdSpecs.pdf](http://www.dot.ca.gov/hq/esc/oc/construction_contract_standards/std_specs/2015_StdSpecs/2015_StdSpecs.pdf)

**STANDARD SPECIFICATIONS DATED 2015**

**Section 3: CONTRACT AWARD AND EXECUTION**

**Section 7: LEGAL RELATIONS AND RESPONSIBILITY TO THE PUBLIC**

**3-1.07 INSURANCE POLICIES**

The successful bidder must submit:

1. Copy of its commercial general liability policy and its excess policy or binder until such time as a policy is available, including the declarations page, applicable endorsements, riders, and other modifications in effect at the time of contract execution. Standard ISO form no. CG 0001 or similar exclusions are allowed if not inconsistent with section 7-1.06. Allowance of additional exclusions is at the discretion of the Department.
2. Certificate of insurance showing all other required coverages. Certificates of insurance, as evidence of required insurance for the auto liability and any other required policy, shall set forth deductible amounts applicable to each policy and all exclusions that are added by endorsement to each policy. The evidence of insurance shall provide that no cancellation, lapse, or reduction of coverage will occur without 10 days prior written notice to the Department.
3. A declaration under the penalty of perjury by a CPA certifying the accountant has applied GAAP guidelines confirming the successful bidder has sufficient funds and resources to cover any self-insured retentions if the self-insured retention is over \$50,000.

If the successful bidder uses any form of self-insurance for workers compensation in lieu of an insurance policy, it shall submit a certificate of consent to self-insure under Labor Code § 3700.

**3-1.18 CONTRACT EXECUTION**

The successful bidder must sign the *Contract form*.

Deliver to the Office Engineer:

1. Signed *Contract form*, including the attached form FHWA-1273
2. Contract bonds
3. Documents identified in section 3-1.07
4. *Small Business (SB) Participation Report form*

The Office Engineer must receive these documents before the 10th business day after the bidder receives the contract.

The bidder's security may be forfeited for failure to execute the contract within the time specified (Pub Cont Code §§ 10181, 10182, and 10183).

The following is a copy of the *Contract form*:

STATE OF CALIFORNIA • DEPARTMENT OF TRANSPORTATION  
**CONTRACT**  
DES-OE-0103A (REV 03/2010)



STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION  
CONTRACT NO. \_\_\_\_\_

This contract is entered into between the State of California's Department of Transportation and the Contractor named below.

\_\_\_\_\_  
CONTRACTOR'S NAME

The parties agree to comply with the terms of the following exhibits that are by this reference made a part of this contract.

- Exhibit A - Bid book dated \_\_\_\_\_
- Exhibit B - Notice to Bidders and Special Provisions dated \_\_\_\_\_
- Exhibit C - Project plans approved \_\_\_\_\_
- Exhibit D - Standard Specifications dated \_\_\_\_\_
- Exhibit E - Standard Plans dated \_\_\_\_\_
- Exhibit F - Addenda \_\_\_\_\_

Exhibits A, B, C, and F are those exhibits identified with the same contract number as this contract.

**This contract has been executed by the following parties:**

**CONTRACTOR**

\_\_\_\_\_  
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

BY (Authorized Signature) \_\_\_\_\_ DATE SIGNED (Do not type) \_\_\_\_\_  
PRINTED NAME AND TITLE OF PERSON SIGNING \_\_\_\_\_

FEDERAL EMPLOYER IDENTIFICATION NUMBER \_\_\_\_\_ LICENSE NUMBER \_\_\_\_\_

**DEPARTMENT OF TRANSPORTATION**

BY (Authorized Signature) \_\_\_\_\_ DATE SIGNED (Do not type) \_\_\_\_\_  
PRINTED NAME AND TITLE OF PERSON SIGNING \_\_\_\_\_

**This contract has been certified as complying with the State Contract Act:**

BY (Authorized Signature) \_\_\_\_\_ DATE SIGNED (Do not type) \_\_\_\_\_  
PRINTED NAME AND TITLE OF PERSON SIGNING \_\_\_\_\_

**ADA Notice** For individuals with sensory disabilities, this document is available in alternate formats. For information call (916) 654-6410 or TDD (916) 654-3880 or write Records and Forms Management, 1120 N Street, MS-89, Sacramento, CA 95814.

**3-1.19 BIDDERS' SECURITIES**

The Department keeps the securities of the 1st, 2nd, and 3rd low bidders until the contract has been executed. The other bidders' securities, other than bidders' bonds, are returned upon determination of the 1st, 2nd, and 3rd low bidders, and their bidders' bonds are of no further effect (Pub Cont Code § 10184).

## **7-1.05 INDEMNIFICATION**

### **7-1.05A General**

You must defend, indemnify, and save harmless the State, including its officers, employees, and agents (excluding agents who are design professionals), from any and all claims, demands, causes of action, damages, costs, expenses, actual attorneys' fees, losses or liabilities, in law or in equity (Section 7-1.05 Claims) arising out of or in connection with your performance of this Contract for:

1. Bodily injury including, but not limited to, bodily injury, sickness or disease, emotional injury or death to persons, including, but not limited to, the public, any employees or agents of you, the State, or any other contractor; and
2. Damage to property of anyone including loss of use thereof; caused or alleged to be caused in whole or in part by any negligent or otherwise legally actionable act or omission of you or anyone directly or indirectly employed by you or anyone for whose acts you may be liable.

Except as otherwise provided by law, these requirements apply regardless of the existence or degree of fault of the State. You are not obligated to indemnify the State for Claims arising from conduct delineated in Civ Code § 2782 and for Claims arising from any defective or substandard condition of the highway that existed at or before the start of work, unless this condition has been changed by the work or the scope of the work requires you to maintain existing highway facilities and the Claim arises from your failure to maintain. Your defense and indemnity obligation shall extend to Claims arising after the work is completed and accepted if the Claims are directly related to alleged acts or omissions by you that occurred during the course of the work. Any inspection of the work by the State is not a waiver of full compliance with these requirements.

Your obligation to defend and indemnify is not excused because of your inability to evaluate liability or because you evaluate liability and determine that you are not liable. You must respond within 30 days to the tender of any Claim for defense and indemnity by the State, unless this time has been extended by the State. If you fail to accept or reject a tender of defense and indemnity within 30 days, in addition to any other remedy authorized by law, the Department may withhold such funds the State reasonably considers necessary for its defense and indemnity until disposition has been made of the Claim or until the Contractor accepts or rejects the tender of defense, whichever occurs first.

With respect to third-party claims against you, you waive all rights of any type to express or implied indemnity against the State, its officers, employees, or agents (excluding agents who are design professionals).

Nothing in the Contract is intended to establish a standard of care owed to any member of the public or to extend to the public the status of a third-party beneficiary for any of these indemnification specifications.

### **7-1.05B Responsibility to Other Entities**

You are responsible for any liability imposed by law and for injuries to or death of any person, including workers and the public, or damage to property. Indemnify and save harmless any county, city or district and its officers and employees connected with the work, within the limits of which county, city, or district the work is being performed, all in the same manner and to the same extent specified for the protection of the State.

## **7-1.06 INSURANCE**

### **7-1.06A General**

Nothing in the Contract is intended to establish a standard of care owed to any member of the public or to extend to the public the status of a third-party beneficiary for any of these insurance specifications.

### **7-1.06B Casualty Insurance**

Obtain and maintain insurance on all of your operations with companies acceptable to the State as follows:

1. Keep all insurance in full force and effect from the start of the work through Contract acceptance.
2. All insurance must be with an insurance company with a rating from A.M. Best Financial Strength Rating of A- or better and a Financial Size Category of VII or better.
3. Maintain completed operations coverage with a carrier acceptable to the State through the expiration of the patent deficiency in construction statute of repose set forth in Civ Pro Code § 337.15.

### **7-1.06C Workers' Compensation and Employer's Liability Insurance**

Under Labor Code § 1860, secure the payment of worker's compensation under Labor Code § 3700. Submit to the Department the following certification before performing the work (Labor Code § 1861):

I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

Contract signing constitutes certification submittal.

Provide Employer's Liability Insurance in amounts not less than:

1. \$1,000,000 for each accident for bodily injury by accident
2. \$1,000,000 policy limit for bodily injury by disease
3. \$1,000,000 for each employee for bodily injury by disease

If there is an exposure of injury to your employees under the U.S. Longshoremen's and Harbor Workers' Compensation Act, the Jones Act, or under laws, regulations, or statutes applicable to maritime employees, coverage must be included for such injuries or claims.

**7-1.06D Liability Insurance**

**7-1.06D(1) General**

Carry General Liability and Umbrella or Excess Liability Insurance covering all operations by or on behalf of you providing insurance for bodily injury liability and property damage liability for the following limits and including coverage for:

1. Premises, operations and mobile equipment
2. Products and completed operations
3. Broad form property damage (including completed operations)
4. Explosion, collapse, and underground hazards
5. Personal injury
6. Contractual liability

**7-1.06D(2) Liability Limits/Additional Insureds**

The limits of liability must be at least the values shown in the following table:

<b>Liability Limits</b>				
Total bid	Each occurrence total limit <sup>a</sup>	Aggregate for products/completed operation	General aggregate <sup>b</sup>	Umbrella or excess liability <sup>c</sup>
≤ \$1,000,000	\$1,000,000	\$2,000,000	\$2,000,000	\$5,000,000
> \$1,000,000 ≤ \$10,000,000	\$1,000,000	\$2,000,000	\$2,000,000	\$10,000,000
> \$10,000,000 ≤ \$25,000,000	\$2,000,000	\$2,000,000	\$4,000,000	\$15,000,000
> \$25,000,000	\$2,000,000	\$2,000,000	\$4,000,000	\$25,000,000

<sup>a</sup>Combined single limit for bodily injury and property damage.

<sup>b</sup>This limit must apply separately to your work under this Contract.

<sup>c</sup>The umbrella or excess policy must contain a clause stating that it takes effect (drops down) in the event the primary limits are impaired or exhausted.

Do not require a small business subcontractor to carry liability insurance that exceeds the limits shown in the preceding table. For a small business subcontractor, interpret "Total Bid" in the table as the dollar amount of subcontracted work.

As used in section 7-1.06D(2), a small business:

1. For a non-federal-aid contract is defined in 2 CA Code of Regs § 1896 and is incorporated by this reference
2. For a federal-aid contract is defined in 13 CFR 121.201 and is incorporated by this reference

The State, including its officers, directors, agents (excluding agents who are design professionals), and employees, must be named as additional insureds under the General Liability and Umbrella Liability Policies with respect to liability arising out of or connected with work or operations performed by or on behalf of you under this Contract. Coverage for such additional insureds does not extend to liability:



1. Arising from any defective or substandard condition of the roadway which existed at or before the time you started work, unless such condition has been changed by the work or the scope of the work requires you to maintain existing roadway facilities and the claim arises from your failure to maintain;
2. For claims occurring after the work is completed and accepted unless these claims are directly related to alleged acts or omissions of you that occurred during the course of the work; or
3. To the extent prohibited by Ins Code § 11580.04.

Additional insured coverage must be provided by a policy provision or by an endorsement providing coverage at least as broad as *Additional Insured* (Form B) endorsement form CG 20 10, as published by the Insurance Services Office (ISO), or other form designated by the Department.

#### **7-1.06D(3) Contractor's Insurance Policy is Primary**

The policy must stipulate that the insurance afforded the additional insureds applies as primary insurance. Any other insurance or self-insurance maintained by the State is excess only and must not be called upon to contribute with this insurance.

#### **7-1.06E Automobile Liability Insurance**

Carry automobile liability insurance, including coverage for all owned, hired, and nonowned automobiles. The primary limits of liability must be not less than \$1,000,000 combined single limit each accident for bodily injury and property damage. The umbrella or excess liability coverage required under section 7-1.06D(2) also applies to automobile liability.

#### **7-1.06F Policy Forms, Endorsements, and Certificates**

Provide your General Liability Insurance under Commercial General Liability policy form no. CG0001 as published by the Insurance Services Office (ISO) or under a policy form at least as broad as policy form no. CG0001.

#### **7-1.06G Deductibles**

The State may expressly allow deductible clauses, which it does not consider excessive, overly broad, or harmful to the interests of the State. Regardless of the allowance of exclusions or deductions by the State, you are responsible for any deductible amount and must warrant that the coverage provided to the State complies with section 7-1.06.

#### **7-1.06H Enforcement**

The Department may assure your compliance with your insurance obligations. Ten days before an insurance policy lapses or is canceled during the Contract period you must submit to the Department evidence of renewal or replacement of the policy.

If you fail to maintain any required insurance coverage, the Department may maintain this coverage and withhold or charge the expense to you or terminate your control of the work.

You are not relieved of your duties and responsibilities to indemnify, defend, and hold harmless the State, its officers, agents, and employees by the Department's acceptance of insurance policies and certificates.

Minimum insurance coverage amounts do not relieve you for liability in excess of such coverage, nor do they preclude the State from taking other actions available to it, including the withholding of funds under this Contract.

#### **7-1.06I Self-Insurance**

Self-insurance programs and self-insured retentions in insurance policies are subject to separate annual review and approval by the State.

If you use a self-insurance program or self-insured retention, you must provide the State with the same protection from liability and defense of suits as would be afforded by first-dollar insurance. Execution of the Contract is your acknowledgment that you will be bound by all laws as if you were an insurer as defined under Ins Code § 23 and that the self-insurance program or self-insured retention shall operate as insurance as defined under Ins Code § 22.