



INSURANCE REQUIREMENTS:

Indemnification and Insurance

- The contractor's obligation for insurance is contained in various sections of the department's [Amended Standard Specifications](#) beginning with Section 3-1.05, "Insurance Policies," which stipulates the type of insurance documents required from the successful bidder.
- Section 3-1.09, "Execution of Contract," requires contractors to submit those insurance documents at the time the contract is executed.
- Section 7-1.12, "Indemnification and Insurance," states the contractor's responsibility to indemnify Caltrans and to carry liability insurance without allowing it to lapse.
- If the construction work encroaches of a railroad's operating property, the contractor must also have railroad protective insurance. Railroad protective insurance is specified in Section 13, "Railroad Relations and Insurance Requirements," of the contract's special provisions.
- Labor Code Section 1860 requires the Contractor to secure the payment of worker's compensation in accordance with Section 3700 of that code.
- If there is an exposure of injury to the Contractor's 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 shall be included for 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 wins a bid and is awarded the contract, it must first submit the insurance documents before the contract may be approved.
2. To expedite contract execution and approval, a contractor may be pre-approved for the insurance and indemnification requirements before bidding on a Caltrans' contract. If a contractor pre-approves, the Office of Risk Management in the Division of Construction will issue a certificate of pre-approved insurance valid until the next 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/>

Construction Liability Insurance Limits and Documents Required

NOTE: The following sections 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 [amended standard specifications](#) included in the special provisions of your specific contract for the complete insurance specifications.

7-1.12B (4) Liability Insurance

7-1.12B (4) (a) General

- The Contractor shall carry General Liability and Umbrella or Excess Liability insurance covering all operations by or on behalf of the Contractor providing insurance for bodily injury liability and property damage liability for the following limits and including liability 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

7-1.12B (4) (b) Liability Limits/Additional Insureds

- The limits of liability shall be at least the amounts shown in the following table:
(NOTE: Only for contracts advertised after October 19, 2009 and shown in special provisions)

Total Bid	Each Occurrence Total Limit ¹	Aggregate limit for Products/Completed Operations	General Aggregate Limit ²	Umbrella or Excess Liability Total limits ³
≤\$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
1. Combined single limit for bodily injury and property damage. 2. This limit shall apply separately to the Contractor's work under this contract. 3. The umbrella or excess policy shall contain a clause stating that it takes effect (drops down) in the event the primary limits are impaired or exhausted.				

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(NOTE: Only for contracts advertised before October 19, 2009 and shown in special provisions)

Total Bid	Each Occurrence Total Limit ¹	Aggregate limit for Products/Completed Operations	General Aggregate Limit ²	Umbrella or Excess Liability Total limits ³
≤\$1,000,000	\$1,000,000	\$2,000,000	\$2,000,000	\$5,000,000
>\$1,000,000 ≤\$5,000,000	\$1,000,000	\$2,000,000	\$2,000,000	\$10,000,000
>\$5,000,000 ≤\$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
1. Combined single limit for bodily injury and property damage. 2. This limit shall apply separately to the Contractor's work under this contract. 3. The umbrella or excess policy shall contain a clause stating that it takes effect (drops down) in the event the primary limits are impaired or exhausted.				

- The Contractor shall not require certified Small Business subcontractors to carry liability insurance that exceeds the limits in the table above. Notwithstanding the limits specified herein, at the option of the Contractor, the liability insurance limits for certified Small Business subcontractors of any tier may be less than those limits specified in the table. For Small Business subcontracts, "Total Bid" shall be interpreted as the amount of subcontracted work to a certified Small Business.

Section 3-1.05 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 7-1.12, "Indemnification and Insurance." 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 \$50,000 or higher.
- 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.

Insurance Document Checklist: Note: 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 State Fund 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 based on contractor's "Total Bid" in insurance table under Section 7-1.12B (4) (b), "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)
NOTE: 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
 - Declaration by CPA 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 or Provisions (if applicable)
- Is Railroad Protective Insurance required? (Check Section 13 of special provisions)
 - Name of Insurer
 - Policy Number
 - Policy Period
 - Name of Insured(s) [Refer to special provisions]
 - Policy Limits (amount is based upon special provisions)
5. A.M. Best Financial Strength Rating: Section 7-1.12B (2), "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://www3.ambest.com>)
 - Insurer's A.M. Best Financial Size Category is VII or better. Double click on company name to view its A.M. Best Financial Size Category