

# MUNICIPAL JOINT INSURANCE FUND



## Guidelines for Certificates of Insurance, Additional Insured Requirements & Hold Harmless Agreements

Revised January, 2006

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# INTRODUCTION

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Certificates of Insurance provide you and your taxpayers valuable financial protection. Properly executed Certificates of Insurance, including “additional insured” endorsements and “hold harmless agreements”, can protect member towns and the JIF from liability for risks which belong to private sector insurance carriers. These risks might result from the actions of citizens and outside organizations using municipal facilities or contractors performing work for or on behalf of member municipalities. The *Guidelines* provided herein are meant to provide a handy reference tool for members in establishing their own insurance provisions for vendors, contractors, event sponsors, and others with whom you do business. The desire to protect your municipality should also be tempered with good judgment in establishing provisions that are agreeable and attainable for all those involved in the process.

By implementing the suggestions found on the following pages you will successfully limit your municipality’s liability by transferring the risk for certain functions to private sector persons, organizations, contractors or insurance companies. Familiarize yourself with these Guidelines and, when in doubt, contact your Attorney, your Risk Management Consultant, or the JIF Administrator’s office for additional assistance.

**These *Guidelines* are not intended to fit all situations. When in doubt it is recommended that competent legal and risk management advice be obtained by the member municipality.**

# CERTIFICATES OF INSURANCE

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Sound risk management practices dictate that you require some evidence of financial responsibility from contractors, vendors, facility users and others with whom your municipality does business. The *Certificate of Insurance* is useful in verifying this information.

## CERTIFICATE OF INSURANCE

A document issued by an insurance company or their authorized representative which spells out the insurance coverage in force **at the time the certificate is issued**. It does **not** serve as a binder or as a substitute for an insurance policy and does not confer rights upon the holder. *Certificates* are issued for limited duration (usually one year or less) and can be canceled at any time by the insured or the insurance company. Care should be taken that the *Certificate* is correct, does not expire before the end of the contract, and can be found when needed. The following procedures constitute minimal control needed for *Certificates*:

1. Maintain a centralized suspense and follow-up system. One person should have the responsibility of following up to be sure that the *Certificates* are current and correct. **Special note should be made of the expiration date of all listed coverage.** Department heads and field personnel should not be relied upon to follow-up on *Certificates*.
2. Form letters should be used to request *Certificates*, make corrections, and request renewal **requests certificates** from the provider.
3. Upon receipt check the *Certificate* against your insurance requirements for accuracy and compliance. **Special note should be made of the expiration date of all listed coverage. Use your Risk Management Consultant for assistance.**
4. Maintain a copy in the alphabetical file and keep a copy in an "Expiration File" to facilitate follow-up of expiring *Certificates*.
5. Occasionally, someone from outside your office should audit your certificate control system. Your Risk Management Consultant is an excellent resource for this project.

**NOTE:** Your ultimate weapon is to not allow use of facilities, commencement of work and/or to withhold payment under contract until proper *Certificates* are received.

# SAMPLE CERTIFICATE CORRECTION LETTER

Date

ABC, Inc.  
Attn: John Smith  
123 Main Street  
Any Town, USA

RE: Certificate of Insurance Request

Dear Mr. Smith:

We have recently received your Certificate of Insurance covering work or services to be performed for *(or use of facilities of)* the (Name of Municipality).

The Certificate of Insurance prepared by your insurance company is deficient in the areas shown below.

\_\_\_\_\_ Additional Insured is not shown or is deficient.

\_\_\_\_\_ Additional Insured must read as follows:  
***“(Name of Municipality), including all elected and appointed officials, all employees and volunteers, all boards, commissions and/or authorities and their board members, employees and volunteers.”***

\_\_\_\_\_ Cancellation Notice *must* read as follows:  
***“It is understood and agreed that sixty (60) days advance written Notice of Cancellation, Non-Renewal, Reduction and/or Material Change in Coverage will be mailed to:  
(Name of Specific Person)  
(Name of Entity)  
(Address, City, State, Zip)***

\_\_\_\_\_ Other changes necessary

Please forward a copy of this letter to your insurance representative so that corrected Certificate(s) of Insurance can be issued.

The corrected Certificates of Insurance must be received within two (2) weeks of the date of this letter, but no later than ten (10) days prior to the work or services, or facilities use.

# RENEWAL REQUEST LETTER

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Date

ABC, Inc.  
Attn: John Smith  
123 Main Street  
Any Town, USA

RE: Expiring Certificate of Insurance

Dear Mr. Smith:

The Certificate(s) of Insurance on file with (Name of Municipality) will expire on the date(s) shown below. Please contact your insurance representative and arrange for renewal Certificate(s) of Insurance to be forwarded to us ten (10) days prior to the expiration of the Certificate.

A copy of the expiring Certificate(s) of Insurance is attached.

Expiring Coverage

Expiration Date

# INDEMNITY CLAUSE

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In the event of damage or injury arising out of the actions of independent contractors performing work for your municipality, or persons or organizations using your facilities, a claim or suit will, more often than not, be brought against BOTH the contractor/organization AND YOUR MUNICIPALITY! If the injury/damages occurs on your premises, or occurs during the performance of your contract or use of your property, you will surely be named in any resulting claim or lawsuit.

In order to avoid the legal expense of proving that you had nothing to do with the incident or injury, a hold harmless clause can be used to transfer the responsibility to the contractor or facility user, where it naturally belongs.

The HOLD HARMLESS AGREEMENT is a clause in a contract, or a separate agreement, which holds one entity harmless for liabilities created by the other entity. When your municipality contracts with others for services or products, or allows outside organizations to use their facilities, you should not be held responsible for their negligent acts. Your municipality usually has little or no control over the event and hence, cannot control the actions or results of same.

For example, if your municipality enters into a contract with ABC Contracting, Inc. to pave your streets you should require ABC Contracting, Inc. to defend, pay on behalf of, indemnify and hold harmless your municipality for injuries or damages they cause to members of the public. The same theory holds true for individuals or outside organizations who use your facilities.

Please have your legal counsel review all current and proposed forms and contracts which contain "hold harmless" clauses. Many older formats may no longer be valid because of current court interpretations. A small amount of time spent now could result in substantial savings to your municipality and the JIF later!

**CAUTION: Do not sign any contracts or agreements which have not been reviewed by your Risk Management Consultant and/or Municipal Attorney. Many contracts contain Reverse Hold Harmless Agreements which make the municipality assume liability for contractors or outside organizations when the reverse should be true.**

## SAMPLE INDEMNITY CLAUSE (Hold Harmless Agreement)

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There are hundreds of formats for Hold Harmless Clauses. Shown below is a brief, simple format that could be used in small short-term contracts.

*“To the fullest extent permitted by law, ( \_\_\_\_\_ )  
Name of Contractor/Vendor/Facility User*  
agrees to defend, pay on behalf of, indemnify, and hold harmless the  
( \_\_\_\_\_ ), its elected and appointed officials, its agents,  
Name of Municipality  
*employees and volunteers and others working on behalf of the  
( \_\_\_\_\_ ) against any and all claims, demands, suits, or loss,  
Name of Municipality*  
*including all costs connected therewith, and for any damages which may be asserted,  
claimed or recovered against or from the ( \_\_\_\_\_ ), its  
Name of Municipality*  
*elected and appointed officials, its agents, employees, volunteers or others working on  
behalf of the ( \_\_\_\_\_ ), by reason of personal injury, including  
Name of Municipality*  
*bodily injury or death and/or property damage, including loss of use thereof, which  
arises out of or is in any way connected or associated with this contract.”*

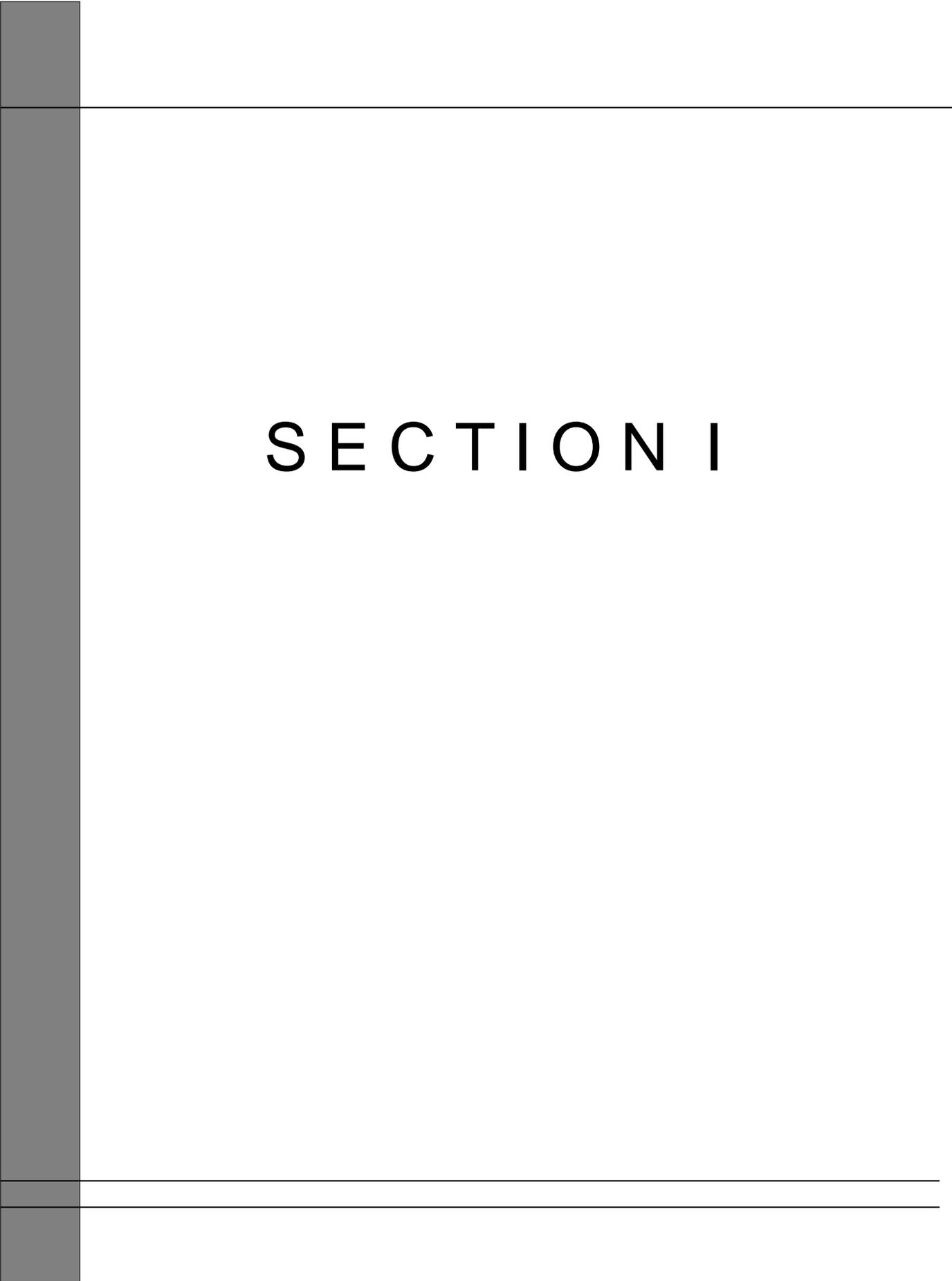
By: \_\_\_\_\_  
For the Contractor

\_\_\_\_\_   
For the Municipality

\_\_\_\_\_  
Notary

\_\_\_\_\_  
Notary

**We urge you to submit any forms to your Municipal Attorney for review and approval before incorporating them into any contract. On large projects, submit your proposed wording prior to bid letting so that your municipality is protected to the fullest possible extent**



# SECTION I

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# USE OF MUNICIPAL FACILITIES

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**Individuals** - Weddings, wedding receptions, graduation parties, etc.

**Non-Profit/Charitable Groups** - Civic groups, service clubs, churches, etc.

**Commercial Rental** - Flea markets, business displays/seminars, parties, receptions

## **REQUIREMENTS**

### **I. INDIVIDUALS**

- A. General Liability \$ 100,000  
Evidence that the individual has personal liability insurance in force is usually sufficient. This will normally take the form of a "Homeowners, Condo, or Tenants policy where the personal liability coverage is included along with other coverages for the individual. A copy of the policy should be kept with rental agreement as evidence of coverage.

### **II. NON-PROFIT/CHARITABLE GROUPS**

- A. General Liability \$ 300,000  
B. Municipality named as "Additional Insured"  
C. Hold Harmless Agreement required in "Use of Facilities" agreement

### **III. COMMERCIAL (FOR PROFIT) GROUPS**

- A. General Liability \$ 1,000,000  
B. Municipality named as "Additional Insured"  
C. Hold Harmless Agreement required in "Use of Facilities" agreement

#### **NOTE:**

You may wish to include the following language in your "Use of Facilities" agreement: *"The Facility User shall not be allowed access to the facility until it has obtained the insurance required under this contract. All coverage shall be with insurance carriers licensed and admitted to do business in the State of New Jersey and acceptable to the municipality."*

1. **See Special Events Section on Liquor Liability if applicable.**
2. **If the "Facility User" contracts with a caterer, adequate insurance coverage should be secured from them as well.**

<b>NOTE: Your ultimate weapon is to not allow use of facilities, commencement of work, and/or to withhold payment under contract until proper <i>Certificates</i> are received.</b>
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# SERVING OF ALCOHOL

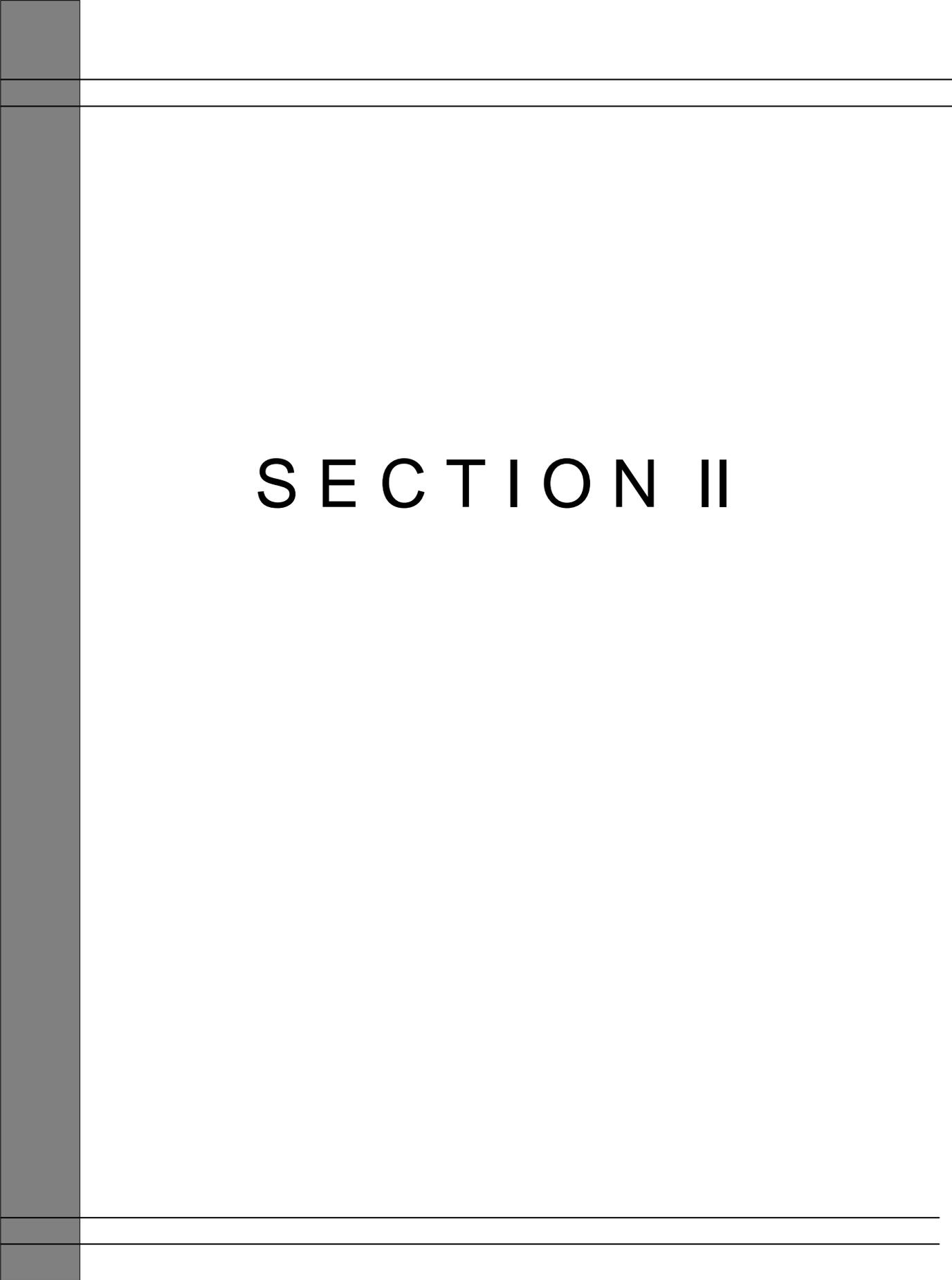
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The serving of alcoholic beverages on municipal property or at functions sponsored or approved by the municipality must be strictly controlled and monitored. The potential liabilities which accompany the serving of alcohol are severe and may have an adverse impact upon your municipality and the Joint Insurance Fund. The following basics are presented for your information:

1. Any function where alcoholic beverages are served and money IN ANY FORM changes hands, may require the issuance of a liquor license by the State or any other governing authority. There may not need to be a specific charge for the beer, wine, or liquor. For instance, if a retirement party is being held at your community house, and everyone contributes \$15.00 for the event, and beer is served, a license may be required.
2. It is strongly recommended that the license NOT be secured by the community. The sponsor of the event should secure the license for the privilege of using the community's facilities.
3. The person or organization who secures the license is subject to claims under the Dram Shop laws. Also, be aware that a recent court decision made a public entity vicariously liable because it benefited from an event, even though it was not the licensee.
4. The licensee should be required to secure Liquor Liability and General Liability Coverage for all such events. The entity should be named as an ***Additional Insured*** on the General Liability and the Liquor Liability policies.
5. The type of event, size of crowd, and other factors, such as availability and cost of private sector insurance coverage, will dictate the limit of liability to be required.
6. Minimum Limits of Liability should be \$500,000 for the smallest of events, i.e., up to fifty person crowd size.
7. Contact your risk manager or insurance specialist well in advance, so that there is adequate time to secure proper coverage.

Those communities which own or operate golf courses that serve alcoholic beverages may want to investigate special programs for securing liquor liability coverage, either through their independent contractor/concessionaire or golf course managers. Various association-type programs may be available at competitive costs.

**NOTE: The Joint Insurance Fund restricts coverage for liquor liability. Check with your Risk Management Consultant for details.**



# SECTION II

# CONTRACTORS

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**Low Hazard** - Artisan-type contractors

**Medium Hazard** - Roofers, plumbers with minor digging, landscapers, bldg. maint.

**High Hazard** - Excavation, road work, building construction/renovation

## **REQUIREMENTS** <sup>1</sup>.

### **I. LOW HAZARD**

- A. Commercial General Liability \$ 500,000
- B. Automobile Liability \$ 500,000
- C. Workers Compensation Statutory
- D. Municipality to be named as "Additional Insured"
- E. 60 days notice of cancellation
- F. Hold Harmless Agreement included in contract

### **II. MEDIUM HAZARD**

- A. Commercial General Liability \$1,000,000
- B. Automobile Liability \$1,000,000
- C. Workers Compensation Statutory
- D. Municipality to be named as "Additional Insured"
- E. 60 days notice of cancellation
- F. Hold Harmless Agreement included in contract

### **III. HIGH HAZARD**

- A. Commercial General Liability \$ 3,000,000
- B. Automobile Liability \$ 3,000,000
- C. Workers Compensation Statutory
- D. Municipality to be named as "Additional Insured"
- E. 60 days notice of cancellation
- F. Hold Harmless Agreement included in contract

<sup>1</sup>. See suggested Contract Considerations on the following page.

**Remember: your ultimate weapon is to not allow commencement of work and/or to withhold payment under contract until proper *Certificates* are received.**

# CONTRACT CONSIDERATIONS

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Specific insurance requirements are listed on the preceding page. We recommend that general insurance provisions be inserted in every contract. The following language is suggested:

*The Contractor shall not commence work under this contract until it has obtained the insurance required under this section. All coverage shall be with insurance carriers licensed and admitted to do business in New Jersey and acceptable to the municipality.*

## COMMERCIAL GENERAL LIABILITY INSURANCE

*During the life of this contract the Contractor shall procure and maintain Commercial General Liability Insurance on an "Occurrence Basis" with limits of liability not less than \$\_\_\_\_\_ per occurrence and/or aggregate combined single limit, Personal Injury, Bodily Injury and Property Damage. Coverage shall include the following: (A.) Contractual Liability; (B.) Products and Completed Operations; (C.) Independent Contractors Coverage; (D.) Broad Form General Liability Extensions or equivalent; (E.) Deletion of all Explosion, Collapse, and Underground (XCU) Exclusions; (F.) Per contract aggregate.*

## MOTOR VEHICLE LIABILITY INSURANCE

*During the life of this contract the Contractor shall procure and maintain Motor Vehicle Liability Insurance, including applicable No-Fault coverage, with limits of liability not less than \$\_\_\_\_\_ per accident combined single limit Bodily Injury and Property Damage. Coverage shall include all owned vehicles, all non-owned vehicles, and all hired vehicles.*

## WORKERS COMPENSATION

*During the life of this contract the Contractor shall procure and maintain Workers Compensation insurance, including Employers' Liability Coverage in accordance with the statutes of the State of New Jersey.*

## ADDITIONAL INSURED

*The following shall be Additional Insureds: The (Name of Municipality), including all elected and appointed officials, all employees and volunteers, all boards, commissions and/or authorities and their board members, employees, and volunteers.*

*This coverage shall be primary to the Additional Insureds, and shall not be contributing with any other insurance or similar protection available to the Additional Insureds, whether other available insurance be primary, contributing or excess.*

# CONTRACT CONSIDERATIONS(Cont'd)

## NOTICE OF CANCELLATION

Commercial General Liability Insurance, Motor Vehicle Liability Insurance, and Workers Compensation insurance, as described above shall include an endorsement stating the following:

“Sixty (60) days advance written notice of cancellation, non-renewal, reduction and/or material change shall be sent to:  
( **Specific Person/Position, Name and Address of Municipality** )”

## OWNERS/CONTRACTORS PROTECTIVE LIABILITY<sup>1</sup>

During the life of this contract the Contractor shall procure and maintain a separate Owners/Contractors Protective Liability policy with limits of not less than \$\_\_\_\_\_ per occurrence and/or aggregate, combined single limit, Personal Injury, Bodily Injury and Property Damage. The **Name of Municipality** shall be “Named Insured” on the policy. Sixty (60) days Notice of Cancellation shall apply to said policy.

## PROOF OF INSURANCE COVERAGE

The Contractor shall provide the municipality at the time the contracts are returned to him for execution, Certificates of Insurance and/or policies acceptable to the municipality as listed below:

- a. Two (2) copies of Certificate of Insurance for Commercial General Liability, Motor Vehicle Liability, and Workers Compensation.
- b.<sup>1</sup> Original policy or binder for Owners/Contractors Protective Liability insurance.

## CONTINUATION OF COVERAGE

If any of the above coverages expire during the term of this contract, the Contractor shall deliver renewal Certificates and/or policies to the municipality at least ten(10) days prior to the expiration date.

<sup>1</sup>. Intended primarily for construction-type projects such as road work, sewer work, and building projects.

# **ADDITIONAL CONTRACT CONSIDERATIONS**

## **DEDUCTIBLES**

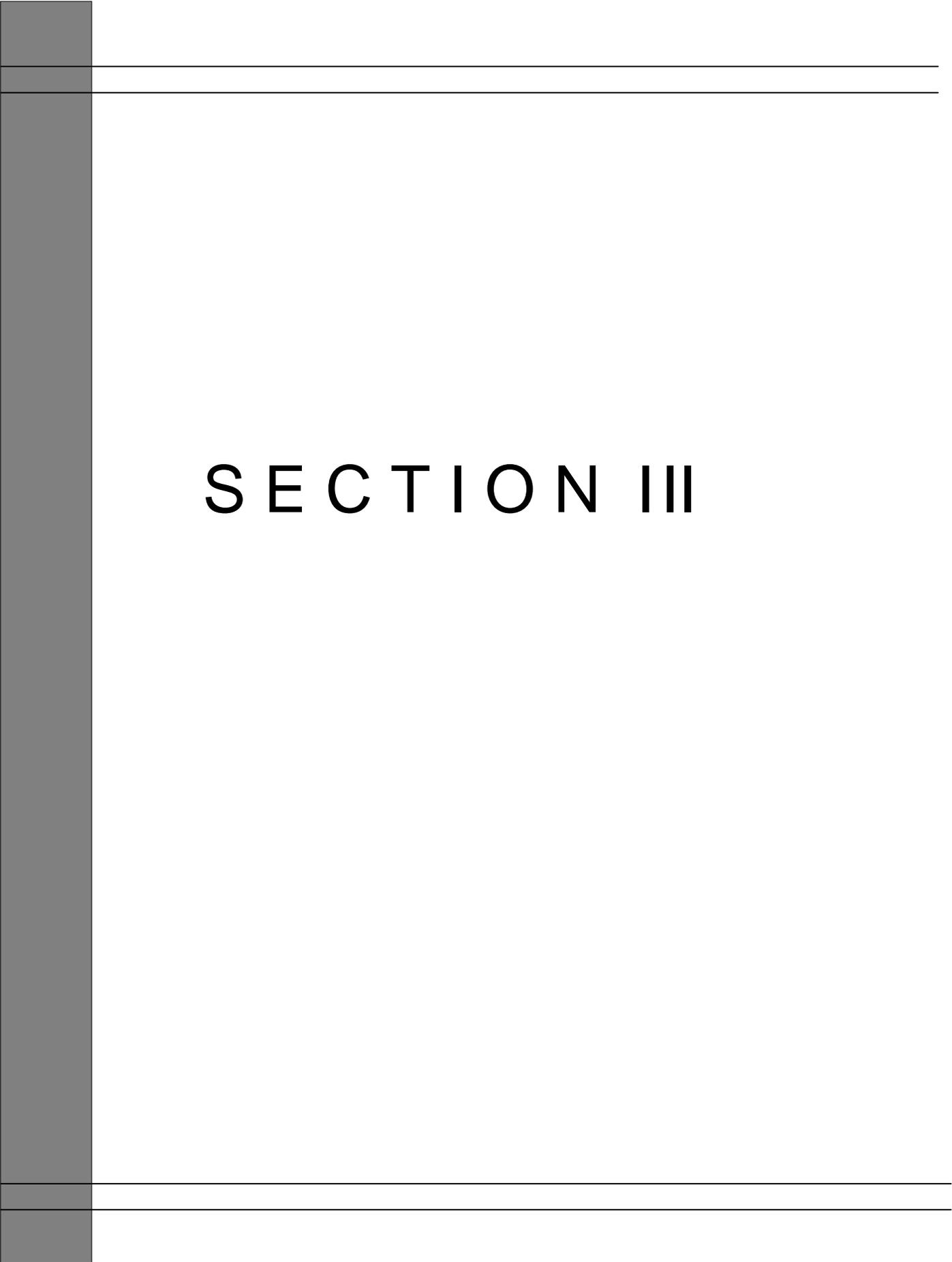
Many large contractors carry substantial deductibles also known as “Self Insured Retentions”. The contract should spell out who is responsible to pay the deductibles. Since the contractor chose to purchase the insurance with a deductible, the contractor should be solely responsible for said deductibles.

## **INDEMNIFICATION/HOLD HARMLESS CLAUSES**

Make sure that any Indemnification/Hold Harmless Clauses are kept completely separate and apart from the provisions requiring the contractor to take out insurance naming the municipality as an additional insured. Ideally, these should be separate paragraphs, separate articles if possible, and they should not be cross-referenced to each other at all. This will allow you to rely upon each form of protection independently of one another.

## **ERRORS AND OMISSIONS/PROFESSIONAL LIABILITY**

If project involves the use of outside professionals such as engineers or architects, so called Errors & Omissions or Professional Liability insurance should be an additional requirement. Consult with your Municipal Attorney or Risk Management Consultant to assist you in specifying coverage for this area.



# SECTION III

# VENDORS

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**Suppliers** - Office supplies, furniture & fixtures, materials consumed quickly

**Professional Services** - Attorney, accountants, consultants, engineers, medical service vendors

**Miscellaneous Services** - Temporary help and personnel, labor suppliers

## REQUIREMENTS <sup>1</sup>.

### **I. SUPPLIERS**

- |   |            |
|---|------------|
| A. Commercial General Liability                     | \$ 500,000 |
| B. Automobile Liability                             | \$ 500,000 |
| C. Workers Compensation                             | Statutory  |
| D. Municipality to be named as "Additional Insured" |            |
| E. 60 days notice of cancellation                   |            |
| F. Hold Harmless Agreement included in contract     |            |

### **II. PROFESSIONAL SERVICES**

- |   |            |
|---|------------|
| A. Commercial General Liability                 | \$ 500,000 |
| B. Automobile Liability                         | \$ 500,000 |
| C. Workers Compensation                         | Statutory  |
| D. Professional Liability (E & O, Malpractice)  | \$ 500,000 |
| E. No "Additional Insured" Requirement          |            |
| F. 60 days notice of cancellation               |            |
| G. Hold Harmless Agreement included in contract |            |

### **III. MISCELLANEOUS SERVICES**

- |   |            |
|---|------------|
| A. Commercial General Liability                     | \$ 500,000 |
| B. Automobile Liability                             | \$ 500,000 |
| C. Workers Compensation                             | Statutory  |
| D. Municipality to be named as "Additional Insured" |            |
| E. 60 days notice of cancellation                   |            |
| F. Hold Harmless Agreement included in contract     |            |

<sup>1</sup>. See suggested Contract Considerations on the following page.

**Remember: Your ultimate weapon is to not allow commencement of work and/or to withhold payment under contract until proper *Certificates* are received.**

# **CONTRACT CONSIDERATIONS**

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Specific insurance requirements are listed on the preceding page. We recommend that general insurance provisions be inserted in every contract. The following language is suggested:

*The Contractor shall not commence work under this contract until it has obtained the insurance required under this section. All coverage shall be with insurance carriers licensed and admitted to do business in New Jersey and acceptable to the municipality.*

## **COMMERCIAL GENERAL LIABILITY INSURANCE**

*During the life of this contract the Contractor shall procure and maintain Commercial General Liability Insurance on an "Occurrence Basis" with limits of liability not less than \$\_\_\_\_\_ per occurrence and/or aggregate combined single limit, Personal Injury, Bodily Injury and Property Damage. Coverage shall include the following: (A.) Contractual Liability; (B.) Products and Completed Operations; (C.) Independent Contractors Coverage; (D.) Broad Form General Liability Extensions or equivalent; (E.) Deletion of all Explosion, Collapse, and Underground (XCU) Exclusions; (F.) Per contract aggregate.*

## **MOTOR VEHICLE LIABILITY INSURANCE**

*During the life of this contract the Contractor shall procure and maintain Motor Vehicle Liability Insurance, including applicable No-Fault coverage, with limits of liability not less than \$\_\_\_\_\_ per accident combined single limit Bodily Injury and Property Damage. Coverage shall include all owned vehicles, all non-owned vehicles, and all hired vehicles.*

## **WORKERS COMPENSATION**

*During the life of this contract the Contractor shall procure and maintain Workers Compensation insurance, including Employers' Liability Coverage in accordance with the statutes of the State of New Jersey.*

## **ADDITIONAL INSURED**

*The following shall be Additional Insureds: The (Name of Municipality), including all elected and appointed officials, all employees and volunteers, all boards, commissions and/or authorities and their board members, employees, and volunteers.*

*This coverage shall be primary to the Additional Insureds, and shall not be contributing with any other insurance or similar protection available to the Additional Insureds, whether other available insurance be primary, contributing or excess.*

## CONTRACT CONSIDERATIONS(Cont'd)

### NOTICE OF CANCELLATION

*Commercial General Liability Insurance, Motor Vehicle Liability Insurance, and Workers Compensation insurance, as described above shall include an endorsement stating the following:*

*“Sixty (60) days advance written notice of cancellation, non-renewal, reduction and/or material change shall be sent to:  
( **Specific Person/Position, Name and Address of Municipality** )”*

### PROOF OF INSURANCE COVERAGE

*The Contractor shall provide the municipality at the time the contracts are returned to him for execution, Certificates of Insurance and/or policies acceptable to the municipality as listed below:*

- a. *Two (2) copies of Certificate of Insurance for Commercial General Liability, Motor Vehicle Liability, and Workers Compensation.*

### CONTINUATION OF COVERAGE

*If any of the above coverages expire during the term of this contract, the Contractor shall deliver renewal Certificates and/or policies to the municipality at least ten(10) days prior to the expiration date.*

# **ADDITIONAL CONTRACT CONSIDERATIONS**

---

## **DEDUCTIBLES**

Many large vendors carry substantial deductibles also known as “Self Insured Retentions”. The contract should spell out who is responsible to pay the deductibles. Since the vendor chose to purchase the insurance with a deductible, the vendor should be solely responsible for said deductibles.

## **INDEMNIFICATION/HOLD HARMLESS CLAUSES**

Make sure that any Indemnification/Hold Harmless Clauses are kept completely **separate and apart** from the provisions requiring the contractor to take out insurance naming the municipality as an additional insured. Ideally, these should be separate paragraphs, separate articles if possible, and they should not be cross-referenced to each other at all. This will allow you to rely upon each form of protection independently of one another.

## **ERRORS AND OMISSIONS/PROFESSIONAL LIABILITY**

If contract involves the use of outside professionals such as engineers or architects, so called Errors & Omissions or Professional Liability insurance should be an additional requirement. Consult with your Municipal Attorney or Risk Management Consultant to assist you in specifying coverage for this area.

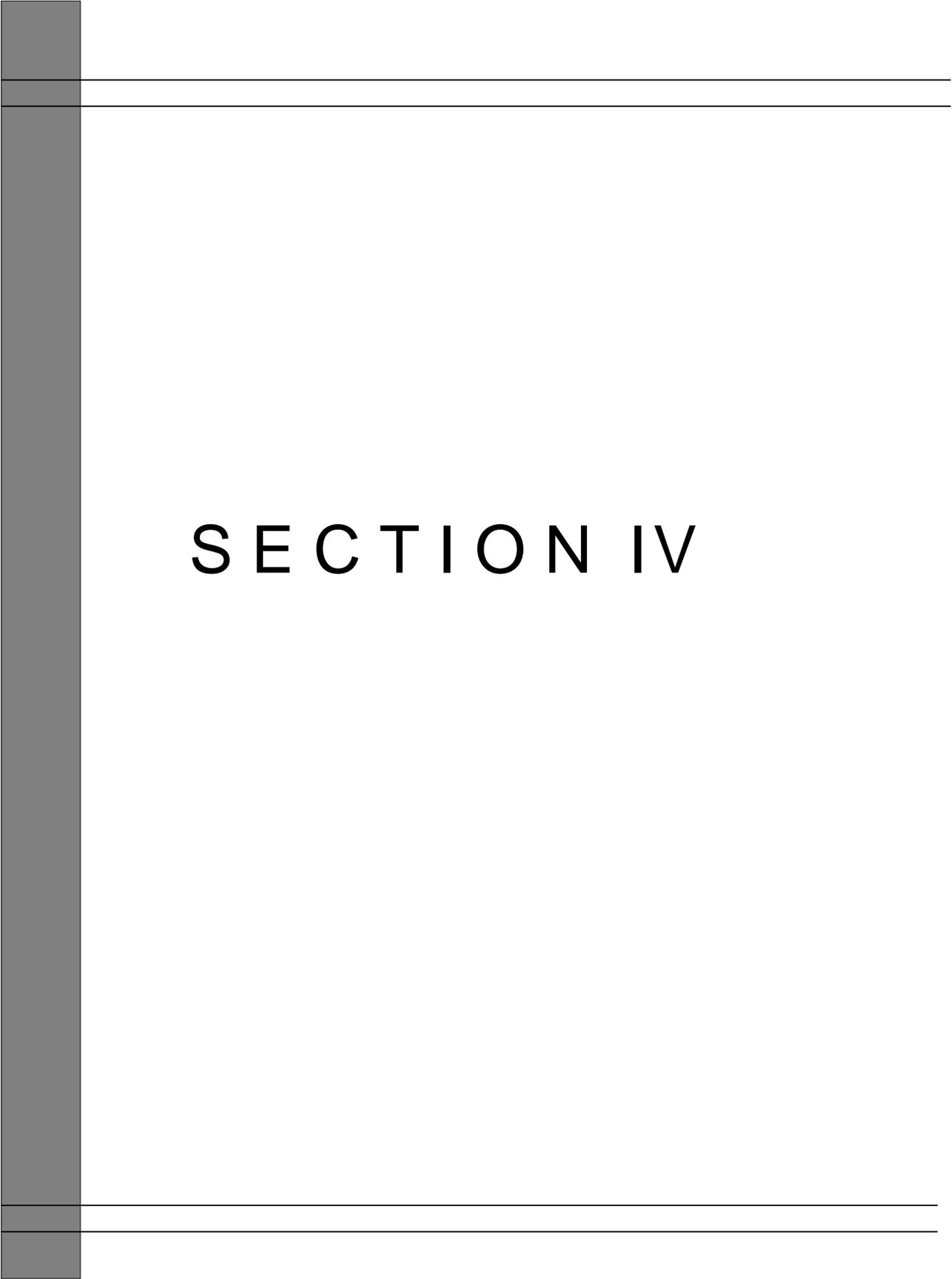
## **TEMPORARY HELP AND PERSONNEL** <sup>1.</sup>

If you are not careful you can face workers compensation **and** third-party claims from the use of temporary help. Special care should be exercised in the wording of the hold harmless clause used in connection with temporary help organizations. Sound risk management practices dictate that all agreements be in writing and spell out the responsibilities and liabilities of the parties connected therewith including:

1. That your municipality has control over the temporary worker’s duties.
2. How the payment of wages is to be handled.
3. That your municipality has the right to hire, fire, and discipline temporary workers while assigned to your municipality.

**NOTE:** Community service and/or prison labor programs may require additional risk management or legal considerations. Contact your Municipal Attorney or your Risk Management Consultant for additional guidance.

1. Consult your loss control professional for safety considerations and other guidelines which should be implemented in addition to these criteria.



# SECTION IV

# LEASE AGREEMENTS

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**Municipality as Lessor** - Municipally-owned property leased TO others

**Municipality as Lessee** - Municipality leasing property FROM others

## **REQUIREMENTS**

### **I. MUNICIPALITY AS LESSOR**

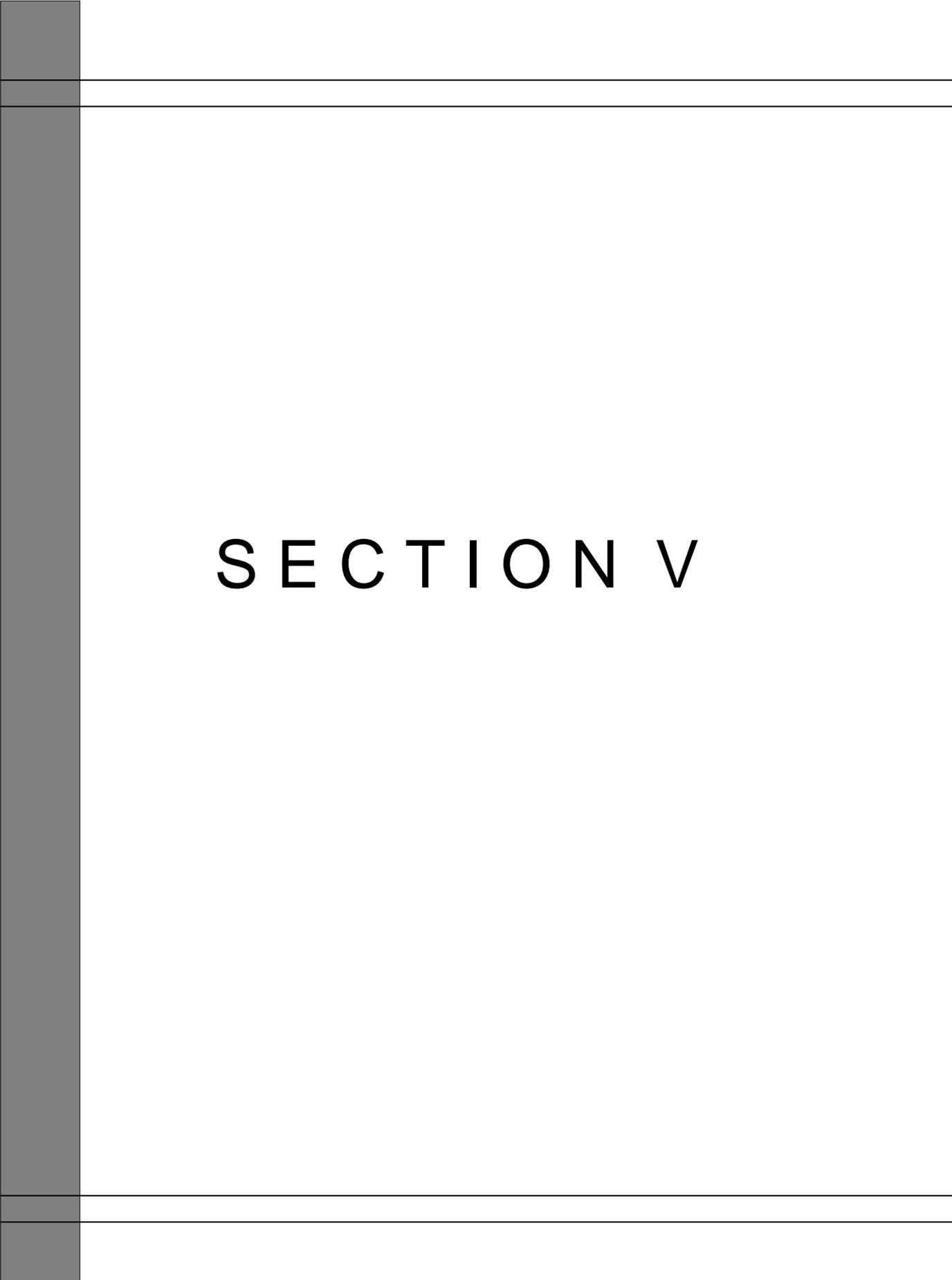
- A. Commercial General Liability \$ 1,000,000
- B. Municipality to be named as "Additional Insured"
- C. 60 days notice of cancellation
- D. Hold Harmless Agreement required

Additional considerations:

1. Keep the property insurance in force. You should retain control of the property insurance so that in the event of a loss, you are dealing with your own insurer as opposed to dealing with the lessee's insurance carrier over whom you may have little influence or control.
2. Require the lessee (person or organization to whom you are renting the property) to provide liability insurance covering all their operations including the occupancy and/or use of your property.
3. Lease agreement should fully outline responsibility and liability for injuries occurring in common areas, parking lots, walkways on the premises and other areas on the entire premises involved.
4. Lease should be prepared and/or reviewed by your municipal attorney.

### **II. MUNICIPALITY AS LESSEE**

1. Keep the property insurance with the owner. It is preferable that you do not accept responsibility for insuring the building that you will be occupying.
2. Lease should specifically state the areas for which you are responsible. Do not accept responsibility for common areas, parking lots, or walkways and other portions of the premises unless you have total control over them.
3. If possible, secure the following from the lessor:
  - a.) Hold harmless clause applicable to any common area or areas over which you have no control.
  - b.) Evidence of Insurance coverage from the lessor covering above with your municipality named as "Additional Insured."
4. Often you will be asked to furnish the lessor with insurance coverage or other provisions which may impact your risk. Refer all proposed leases to your Municipal Attorney and your Risk Management Consultant prior to signing.



# SECTION V

# **SPECIAL EVENTS**

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**Low Hazard** - Indoor/outdoor meetings, picnics & social gatherings (no alcohol)

**Moderate Hazard** - Dances, animal shows, parades, rallies, family concerts

**High Hazard** - Team sporting events, circuses and carnivals with rides

**Special Hazards** - Rock concerts, professional sports, rodeos, vehicle races, fireworks, crowds over 25,000 and all functions where alcohol is served.

## **REQUIREMENTS** <sup>1</sup>.

### **I. LOW HAZARD**

Commercial General Liability \$ 100,000  
Specific coverage in this category is desirable but not always available. If a private and/or non-profit group is sponsoring the event a \$100,000 policy will suffice. Often evidence of a homeowners insurance policy may suffice.

### **II. MODERATE HAZARD**

A. Commercial General Liability \$ 1,000,000  
B. Automobile Liability \$ 1,000,000  
C. Workers Compensation Statutory  
D. Municipality to be named as "Additional Insured"

### **III. HIGH HAZARD**

A. Commercial General Liability \$ 1,000,000  
B. Automobile Liability \$ 1,000,000  
C. Workers Compensation Statutory  
D. Municipality to be named as "Additional Insured"

### **IV. SPECIAL HAZARDS**

Because of the unique circumstances present in any of these types of events it is impossible to establish general guidelines. Such factors as crowd size, potential hazards, availability and cost of insurance coverage must be taken into consideration prior to the decision. As previously indicated, active involvement by your Risk Management Consultant, loss control professional, and municipal attorney will permit these events to be handled in the best way possible.

<sup>1</sup> See suggested Contract Considerations on the following page.

**All events in this Section should be thoroughly reviewed with your Risk Management Consultant. Consult your loss control professional for safety considerations and other guidelines which should be implemented in addition to these criteria.**

# CONTRACT CONSIDERATIONS

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Specific insurance requirements are listed on the preceding page. We recommend that general insurance provisions be inserted in every contract. The following language is suggested:

*The Contractor shall not commence work under this contract until it has obtained the insurance required under this section. All coverage shall be with insurance carriers licensed and admitted to do business in New Jersey and acceptable to the municipality.*

## COMMERCIAL GENERAL LIABILITY INSURANCE

*During the life of this contract the Contractor shall procure and maintain Commercial General Liability Insurance on an "Occurrence Basis" with limits of liability not less than \$\_\_\_\_\_ per occurrence and/or aggregate combined single limit, Personal Injury, Bodily Injury and Property Damage. Coverage shall include the following: (A.) Contractual Liability; (B.) Products and Completed Operations; (C.) Independent Contractors Coverage; (D.) Broad Form General Liability Extensions or equivalent; (E.) Deletion of all Explosion, Collapse, and Underground (XCU) Exclusions; (F.) Per contract aggregate.*

## MOTOR VEHICLE LIABILITY INSURANCE

*During the life of this contract the Contractor shall procure and maintain Motor Vehicle Liability Insurance, including applicable No-Fault coverage, with limits of liability not less than \$\_\_\_\_\_ per accident combined single limit Bodily Injury and Property Damage. Coverage shall include all owned vehicles, all non-owned vehicles, and all hired vehicles.*

## WORKERS COMPENSATION

*During the life of this contract the Contractor shall procure and maintain Workers Compensation insurance, including Employers' Liability Coverage in accordance with the statutes of the State of New Jersey.*

## ADDITIONAL INSURED

*The following shall be Additional Insureds: The (Name of Municipality), including all elected and appointed officials, all employees and volunteers, all boards, commissions and/or authorities and their board members, employees, and volunteers.*

*This coverage shall be primary to the Additional Insureds, and shall not be contributing with any other insurance or similar protection available to the Additional Insureds, whether other available insurance be primary, contributing or excess.*

## **CONTRACT CONSIDERATIONS(Cont'd)**

### **NOTICE OF CANCELLATION**

*Commercial General Liability Insurance, Motor Vehicle Liability Insurance, and Workers Compensation insurance, as described above shall include an endorsement stating the following:*

*“Sixty (60) days advance written notice of cancellation, non-renewal, reduction and/or material change shall be sent to:*

**Specific Person/Position**  
**Name and Address of Municipality**

### **PROOF OF INSURANCE COVERAGE**

*The Event Sponsor shall provide the municipality at the time the contracts are returned to him for execution, Certificates of Insurance and/or policies acceptable to the municipality as listed below:*

- a. *Two (2) copies of Certificate of Insurance for Commercial General Liability, Motor Vehicle Liability, and Workers Compensation.*

### **CONTINUATION OF COVERAGE**

*If any of the above coverages expire during the term of this contract, the Event Sponsor shall deliver renewal Certificates and/or policies to municipality at least ten(10) days prior to the expiration date.*

## SERVING OF ALCOHOL

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The serving of alcoholic beverages on municipal property or at functions sponsored or approved by the municipality must be strictly controlled and monitored. The potential liabilities which accompany the serving of alcohol are severe and may have an adverse impact upon your municipality and the Joint Insurance Fund. The following basics are presented for your information:

1. Any function where alcoholic beverages are served and money IN ANY FORM changes hands, may require the issuance of a liquor license by the State or any other governing authority. There may not need to be a specific charge for the beer, wine, or liquor. For instance, if a retirement party is being held at your community house, and everyone contributes \$15.00 for the event, and beer is served, a license may be required.
2. It is strongly recommended that the license NOT be secured by the community. The sponsor of the event should secure the license for the privilege of using the community's facilities.
3. The person or organization who secures the license is subject to claims under the Dram Shop laws. Also, be aware that a recent court decision made a public entity vicariously liable because it benefited from an event, even though it was not the licensee.
4. The licensee should be required to secure Liquor Liability and General Liability Coverage for all such events. The entity should be named as an ***Additional Insured*** on the General Liability and the Liquor Liability policies.
5. The type of event, size of crowd, and other factors, such as availability and cost of private sector insurance coverages, will dictate the limit of liability to be required.
6. Minimum Limits of Liability should be \$500,000 for the smallest of events, i.e., up to fifty person crowd size.
7. Contact your risk manager or insurance specialist well in advance, so that there is adequate time to secure proper coverage.
8. Those communities that own or operate golf courses that serve alcoholic beverages may want to investigate special programs for securing liquor liability coverage, either through their independent contractor/concessionaire or golf course managers. Various association-type programs may be available at competitive costs.

**NOTE: The Joint Insurance Fund restricts coverage for liquor liability. Check with your Risk Management Consultant for details.**

# FIREWORKS DISPLAYS

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Fireworks present a severe liability hazard for your municipality and the Joint Insurance Fund. The current **MEL Bulletin** should be consulted for particulars regarding coverage for this exposure. The following basics are also presented for your information.

1. Displays **MUST** be contracted out to a well-recognized professional firm specializing in this type of display, unless your risk manager agrees otherwise.
2. The firm **MUST** comply with all applicable NFPA (National Fire Protection Association) standards and all local, state, federal laws, statutes, and ordinances.
3. Insurance coverages and Certificates **MUST** be secured well in advance of the event so that they can be properly reviewed and approved.
4. Hold Harmless clauses **MUST** be in place, and reviewed by your Legal Counsel.
5. ***Never under any circumstances, permit an employee, volunteer or any other person connected in the community to conduct such a display.***
6. Availability and costs of liability insurance will, to a large degree, dictate whether fireworks displays will be permitted.

**All events in this Section should be thoroughly reviewed with your Risk Management Consultant. Consult your loss control professional for safety considerations and other guidelines which should be implemented in addition to these criteria.**