
CONTRACTS

2.03.02 Insurance Requirements

RESPONSIBLE CITY AGENCY: Purchasing and Risk Management

KEYWORDS: Contracts, insurance, third party liability.

1. General

- 1.1 SLCC Section 3.25.020 (Insurance and securities) provides that:
“A. When directed by the mayor, city council or city attorney, or any of their designees, or when required by state statute or city ordinance, evidence of insurance coverage, and permit, performance, payment or other bonds, or letters of credit or other securities, shall be provided to the recorder in a form and in amounts approved by the city attorney.”
- 1.2 SLCC Section 3.25.020A(3) provides that such bonds, insurance or other securities shall “be in sums sufficient to protect the city and its interests.”
- 1.3 SLCC Section 3.25.020B provides that “the city attorney shall have authority ... to promulgate rules for adoption by the mayor regarding acceptable requirements for insurance, bonds or other securities.”
- 1.4 Historically, the City has based the third party liability insurance requirements for contracts that the City enters into for goods or services to be provided to the City on the government immunity caps adopted by the Legislature. In the past, the caps were at levels consistent with the levels of insurance carried by most businesses. However, recent increases in the government immunity caps have created a disconnect with the levels of insurance generally carried by businesses, particularly small businesses. As a result, the City is seeing fewer responses to its requests for proposals and increased prices reflecting the increased insurance cost in situations where the increased cost does not provide equivalent benefit to the City.
- 1.5 The City Attorney and Risk Management have developed a new approach to determining the amount of insurance to be required for a particular contract. The

approach is based on a matrix which assigns a particular business activity to one of three risk categories – low, standard, or high. Each risk category has a specified amount of insurance to be required for that category.

- 1.6 Notwithstanding the adoption of this policy, the authority of the City Attorney pursuant to SLCC § 3.25.020B to waive any requirements with respect to insurance in City contracts remains available.

2. Responsibilities

- 2.1 Insurance for City contracts shall be based on the amounts provided in the attached "Salt Lake City Insurance Matrix" (the "Matrix") (Exhibit A).
- 2.2 For each contract, city contract personnel shall determine the type (or types) of service or contractor involved in the performance of the contract.
- 2.3 If the type of service or contractor is listed on the Matrix, the assigned risk category for that type of service or contractor determines the amount of insurance required for that contract. Any indicated "Special Coverages" also apply.
- 2.4 For example, "Advertising/Public Relations" is listed as "L" or "low" risk. For a "low" risk contract, Commercial General Liability (CGL) coverage is required in the amount of \$500,000 per Occurrence/\$1 million aggregate; Commercial Auto coverage is required in the amount of \$100,000 per person/\$300,000 per accident/\$50,000 Property Damage or single combined limit of \$500,000; and Worker's Compensation is required in the amount of the statutory limits. The Matrix also indicates that "Advertising/Public Relations" requires a "special coverage" of Professional Liability in the amount of \$1,000,000.
- 2.5 If the contract involves multiple types of service or contractor, the insurance requirements for the highest level of risk apply for the contract. All special coverages for any of the types of service or contractor also apply.
- 2.6 If the type of service or contractor involved with the contract is not listed on the Matrix, city contract personnel must ask Risk Management for a determination of the applicable insurance requirements for that specific contract.
- 2.7 If city contract personnel believe that the insurance required by the Matrix (or by Risk Management if the type of service or contractor is not listed on the Matrix) is inappropriate for the particular contract involved, a waiver may be request from the City Attorney pursuant to SLCC § 3.25.020B.
- 2.8 A request for a waiver shall be sent to the Risk Manager who shall forward it with the Risk Manager's recommendation to the City Attorney. The request shall provide the specific facts that would justify a waiver, including, for example, an explanation of the limited nature of the risk to the City under the specific

circumstances and whether the cost to the City of the insurance required by the Matrix is justifiable under the circumstances.

CURRENT REFERENCES:

City Policy, Chapter 2.03 "Contracts";

Administrative Rules, Community, and Economic Development "Insurance"

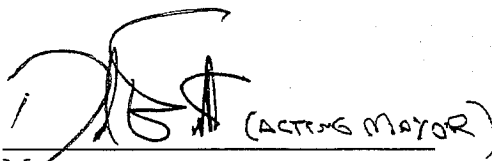
Promulgated pursuant
to SLCC § 3.25.020B



City Attorney

Dated: May 17, 2008

Approved pursuant
to SLCC § 3.25.020B



Mayor

Dated: 6-23-08

Category	Code	Coverage	Amount of Coverage
LOW	L	Commercial General Liability (CGL) Commercial Auto * Worker's Compensation	\$500,000 per Occurrence/\$1 Million aggregate \$100,000 per Person/\$300,000 per accident/ \$50,000 Property Damage OR Single Combined Limit of \$500,000 Statutory Limits
STANDARD	S	Commercial General Liability (CGL) Commercial Auto * Worker's Compensation	\$1 Million per Occurrence/\$2 Million aggregate \$500,000 per person/\$1 Million per accident/ \$250,000 Property Damage OR Single Combined Limit of \$1 Million Statutory Limits
HIGH	H	Commercial General Liability (CGL) Commercial Auto * Worker's Compensation	\$2 Million per Occurrence/\$3 Million aggregate \$1 Million per person/\$2 Million per accident/ \$250,000 Property Damage OR Single Combined Limit of \$2 Million Statutory Limits
CURRENT COVERAGE	C	Commercial General Liability and/or Commercial Auto Worker's Compensation	Maintain insurance that is already in place. Statutory Limits
SPECIAL COVERAGE		As indicated	For example, Professional Liability, Pollution Liability - etc.

*Commercial Auto is required unless clearly unneeded.

SALT LAKE CITY
INSURANCE MATRIX

TYPE OF SERVICE OR CONTRACTOR	H, S OR L *	SPECIAL COVERAGES
Advertising/Public Relations	L	Professional Liability \$1,000,000
Aerial photography	H	
Alarm Services	L	Professional Liability \$1,000,000
Alcohol and Drug Prevention	L	Professional Liability \$1,000,000
All other Equipment	S	
Analytical Studies and Surveys	L	Professional Liability \$1,000,000
Animal Control Services	H	
Any Construction project or Work in the Public Way Not Listed	S	
Any type of Architecture	L	Professional Liability \$1,000,000
Appraisal Services (Not Real Estate)	L	Professional Liability \$1,000,000
Appraisals Services, Real Estate	L	Professional Liability \$1,000,000
Armored Car Services	S	
Art Project	Project by Project	
Auctioneering Services	L	
Auto & Trailers & Accessories	S	
Building Cleaning, Exterior	S	
Building Materials	S	
Buildings and Property in Public Way	S	
Bus and Taxi Services, Limousines, Pedi-Cabs, Horse Drawn Carriages and Vans	S	Garage Keepers Liability \$1,000,000
Business Loans	S	
Cafeteria and Restaurant Services	S	
Card Access Security Services	S	
Carpet Cleaning, Dyeing, Installation and Repair	S	
Chemical Processing and Storage	H	Pollution Liability \$2,000,000
Chemicals - Herbicide/Fungicide/Insecticide/Pesticide/Rodenticide	H	
Chemicals - Snow & Ice-melt & De-icing	S	
Chemicals - Water Treatment	H	
Collection Services (past due payments)	L	
Communication Towers & Antennas	S	
Computer Equipment	S	
Computer- Hardware	S	
Computer- Software	S	
Concessions, Catering, Vending, Mobile and Stationary	S	
Constable Services	L	Professional Liability \$1,000,000
Construction & Paving Materials	L	
CONSTRUCTION- Dredging	S	Watercraft Liability \$1,000,000.
CONSTRUCTION- Lighting (streets)	H	
Construction Management	S	Professional Liability \$1,000,000
CONSTRUCTION- Power Line Construction, Installation, Maintenance-(non-streets)	H	
CONSTRUCTION- Roofing (including asbestos abatement)	H	
CONSTRUCTION-ASBESTOS ABATEMENT PROJECTS	H	Contractors Asbestos Pollution Liability \$1,000,000

SALT LAKE CITY
INSURANCE MATRIX

TYPE OF SERVICE OR CONTRACTOR	H, S OR L *	SPECIAL COVERAGES
CONSTRUCTION-BUILDING CONSTRUCTION	S	Builder's Risk-Same Amounts
CONSTRUCTION-Power Line Construction, Installation, Maintenance- (streets)	H	
CONSTRUCTION-SEVERE-HAZARDOUS PROJECTS	H	
CONSTRUCTION-SIGNIFICANT-HAZARDOUS PROJECTS	H	
Consulting Services	L	Professional Liability \$1,000,000
Counseling	L	Professional Liability \$1,000,000
Courier/Delivery Services	L	Professional Liability \$1,000,000
Crime Prevention- Security Guards- Armed	L	Security Guard Professional Liability \$1,000,000
Crime Prevention- Security Guards- Unarmed	S	
Crossing Guard Services	S	
Cylinder Gases & Propane	H	
Day Care or Camps	H	
Decorations, Seasonal, Displays	H	
Demolition	L	
Draftsman Services, Professional	H	
Drapery Installation and Repair	L	Professional Liability \$1,000,000
Economic Impact Studies	S	
Electronic and Communication Equipment Services- Including maintenance and repairs	L	Professional Liability \$1,000,000
Elevators & Escalators	S	
Emergency Medical and Ambulance	H	
Employment Agency and Search Firm Services	H	Medical Malpractice \$2,000,000
Employment Practices	L	Professional Liability \$1,000,000
Environmental	L	Professional Liability \$1,000,000
Ergonomics	H	Professional Liability \$2,000,000
Feasibility Studies	S	Professional Liability \$1,000,000
Financial	L	Professional Liability \$1,000,000
Fire Protection- Service & Maintenance	L	Professional Liability \$1,000,000
Fire Suppression Systems	H	
Fireworks Display and Carnival Services Decking, etc.	H	
Fleet Management Maintenance Serv.	H	
Flooring to Include Refinishing and Sealing	S	Garage Keepers Liability \$1,000,000
Fuel Service Equipment Service & Maintenance	S	
Garbage/Trash - Containers, Cans, Receptacles	S	
Garbage/Trash Removal and Disposal	L	Pollution Liability \$1,000,000
Graphic Arts Services (Not Printing)	S	Pollution Liability \$1,000,000
Hazardous Material Services	C	
Heating, Air Conditioning, and Ventilation Services	H	Pollution Liability \$2,000,000
Heavy Mobile Equipment	S	
Hose - Hydraulic, Rubber, Industrial	S	
Hydraulic System Repair/Rebuild	L	
Ice Cream Vendors	L	

SALT LAKE CITY
INSURANCE MATRIX

TYPE OF SERVICE OR CONTRACTOR	H, S OR L *	SPECIAL COVERAGES
Industrial Supplies	L	
Inspecting, Structural	L	Professional Liability \$1,000,000
Insurance - Brokerage Services	S	Professional Liability \$1,000,000
Interior Design/Decorator Services	C	
Irrigation Systems- Non Roadways	S	
Irrigation Systems- Roadways	S	
Janitorial/Custodial Equipment & Supplies	L	
Janitorial/Custodial Services	S	
Laboratory Equipment	L	
Laboratory Services	H	Professional Liability \$2,000,000
Land Surveying	L	Professional Liability \$1,000,000
Laundry & Uniform Cleaning	L	
Lawn/Ground Maintenance Equipment/Services	L	
Leak Detection Services: Gas, Water, Chemical	L	
Leasing	S	
Legal	L	Professional Liability \$1,000,000
Loans to Others	C	
Locksmith Services	L	
Mail & Package Delivery	L	
Management	S	Professional Liability \$1,000,000
Marketing	L	Professional Liability \$1,000,000
Medical & First Aid Supplies	S	
Medical & Healthcare Services	S	Professional Liability \$2,000,000
Medical-Veterinary Services	S	Professional Liability \$1,000,000
Metal Fabrication, Shearing, Machining	S	
Moving Services	S	
Non-Bid Services valued under \$2,500	C	
Occupational Medicine-Testing & Services	S	Professional Liability \$1,000,000
Office Equipment	S	
Office Plants	L	
Oil - Hydraulic, Analysis/Service, Pickup/Disposal	S	
Parking Meter and Garage Management and Meter Collection	S	
Parking Services: Operation, Admission, Supervision	S	
Paving & Repair of Parking Lots or Sidewalks or Paved ways	S	
Pest Control (Buildings)	H	Pollution Liability \$2,000,000
Pest Control (Other Than Buildings)	H	Pollution Liability \$2,000,000
Petroleum and Fuel Tanks	H	Pollution Liability \$2,000,000
Petroleum and Fuel Tanks -Filling Services	H	Pollution Liability \$2,000,000
Photographic Equipment/Supplies, Film Processing	L	
Photography (Not including Aerial Photography)	C	
Pipe	L	

SALT LAKE CITY
INSURANCE MATRIX

TYPE OF SERVICE OR CONTRACTOR	H, S OR L *	SPECIAL COVERAGE'S
Plan Review	S	
Planning, Urban	L	Professional Liability \$1,000,000
Plumbing	S	
Pollution Control- Inspecting, General	H	Professional Liability \$1,000,000
Printing or Binding	L	
Printing Services: Blue Prints, Blue Line, Large	L	
Property Management Services	S	
Purchasing- Free On Board Deliveries (Forklifts or Mechanical Loading/Unloading Devices to be	S	
Purchasing- Free On Board Deliveries (No use of Forklifts or Mechanical Loading/Unloading De	S	
Records Management and Disposal	S	
Recycling Services, (Including Collection)	S	
Rentals - Event & Equipment	S	
Restoration/Reclamation Services of Land	S	Pollution Liability \$1,000,000
Safety Engineering and Accident Studies	S	Professional Liability \$1,000,000
Safety Equipment & Supplies	S	
Security Systems	S	
Septic Tank Services	S	Pollution Liability \$1,000,000
Service awards	C	
Sewage Collection, Treatment, and Disposal; Solid Wastes;	H	Pollution Liability \$2,000,000
Shelters, Carpools, Portable Buildings- Installation	S	
Site Assessment and Ancient Studies	L	Professional Liability \$1,000,000
Speakers/Entertainers/Trainers	L	
Sports Professionals Services- Marketing	L	
Steam Boilers, Steam Heating, and Power Plant Items	H	
Steel & Metal Products	L	
Storage Space Services (Not Building Lease)	S	
Storm Drain Cleaning, Repair, and Sludge Removal Services	S	
Street - Sweeping, Snow Removal	S	
Street Lighting	S	
Tank Removal, Disposable, and Related Services (Including	S	Pollution Liability \$1,000,000
Telephone Services & Telecommunication Services	L	
Temporary Employment	S	
Testing and Monitoring Services, Air, Gas and Water	S	
Testing and Training Apparatus, Instruments, Machines	S	Professional Liability \$1,000,000
Tile, Stone & Ceramics	L	
Tinting and Coating Services, Glass (Automobile and Buildings)	S	Garage Keepers Liability \$1,000,000
Towing Services	S	
Traffic Barricade & Warning Sign rental	L	
Traffic Control Equipment and Accessories	S	
Training	S	
Transcription Services: Legal and Medical	L	Professional Liability \$1,000,000

SALT LAKE CITY
INSURANCE MATRIX

TYPE OF SERVICE OR CONTRACTOR	H, S OR L *	SPECIAL COVERAGE'S
Transit Management and Operational Services	S	
Translation Services	C	
Transportation	S	
Uniform & Clothing	L	
Upholstering Services	S	
Utility Locator Service (Underground)	S	
Valves	L	
Vehicle - Cars, Trucks, Buses, Trailers/Motorcycles, etc.	S	
Vehicle (Automotive) Parts & Supplies (filters, oil, paint, batteries)	S	Pollution Liability \$1,000,000
Vendors- All other Entertainment	S	
Vendors- Amusement Park Ride Equipment	H	
Vendors- Food & Drinks	S	
Vendors- Music	S	
Video Production	S	
Wall and Ceiling Repair and Replacement	S	
Water and Sewer Equipment	S	
Water Purification/Softening Services	S	
Waterproofing Systems & Repairs	S	
Waterworks Supplies	L	
Weather and Waterproofing	S	
Weed and Vegetation Control	H	Pollution Liability \$2,000,000
Welding Services Volumes, Rebacking of Old Volumes, etc.	S	
Window and Door, Maintenance, Repair, Install	S	
Window Washing Services	S	
Wiring and Other Electrical Services	S	
Wood - Sale & Removal	L	
Zoning, Land Use Studies	L	Professional Liability \$1,000,000