



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: <https://dot.ca.gov/programs/construction/insurance-pre-approval>

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

Evidence General Liability and Umbrella or Excess Liability Insurance covering all operations by or on behalf of you providing insurance for bodily injury liability, property damage liability, and personal and advertising injury for the limits outlined in 7-1.06D(2). Coverage must extend to premises, operations and mobile equipment, personal and advertising injury, products and completed operations, and contractual liability. Coverage shall not contain a cross-suits exclusion barring coverage for a suit brought by or between Caltrans and another Insured in the policy. Coverage shall also not contain an exclusion for explosion, collapse and underground hazards. Such policies must contain an annual reinstatement of limits during construction operations.

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

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

Liability Limits				
Total bid	For each occurrence ^a	Aggregate for products/completed operation	General aggregate ^b	Umbrella or excess liability ^c
≤ \$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

^a Combined single limit for bodily injury and property damage.

^b This limit must apply separately to your work under this Contract.

^c 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. The required umbrella liability limits are separate from and in addition to the required general liability limits. The umbrella or excess policies shall not contain exclusions barring follow-form coverage for required coverages in this specification.

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 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 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:

Amanda Stark	Construction Insurance & Compliance Manager	(916) 530-0791
David Avalos	Construction Insurance & Compliance Analyst	(916) 654-5578