

# AIRPORT INSURANCE BASICS: CONTRACTUAL REQUIREMENTS AND PROOF OF COMPLIANCE

Lindsay Canning

Assistant City Attorney, City of Houston

ACI-NA Legal Affairs Conference 2018



# TOPICS OF DISCUSSION

This presentation will address the following:

- How the City of Houston transfers risk and obtains the appropriate insurance coverage to ensure transferred risk is secured;
- General Insurance Requirements;
- Proof of insurance and verifying for compliance.

## OBTAINING APPROPRIATE COVERAGE

- The City of Houston obtains the appropriate insurance coverage through its contracting vehicles (e.g. contracts, purchase orders, licenses). In addition to the insurance requirements, the contracting vehicles include broad form indemnification/hold harmless and a duty to defend.
- This City of Houston is working on developing other vehicles to obtain the appropriate coverage (e.g., airport use permit and ROCIP for aviation construction projects).
- In circumstances where insurance is not appropriate, the City of Houston requires a release of liability (e.g. volunteers) and obtains appropriate coverage (e.g. worker's compensation covering volunteers).

# INSURANCE REQUIREMENTS

- Types of Coverage:
  - Workers Compensation and Employer's Liability;
  - Commercial General Liability;
  - Automobile Liability; and
  - Excess and/or Umbrella.

<u>COVERAGE</u>	<u>LIMIT OF LIABILITY</u>
Workers' Compensation	Statutory for Workers' Compensation
Employer's Liability	<ul style="list-style-type: none"> <li>• Bodily Injury by Accident \$100,000 (each accident)</li> <li>• Bodily Injury by Disease \$100,000 (policy limit)</li> <li>• Bodily Injury by Disease \$100,000 (each employee)</li> </ul>
Commercial General Liability: Bodily and Personal Injury; Products and Completed Operations Coverage	Bodily Injury and Property Damage, Combined Limits of \$1,000,000 each occurrence, and \$2,000,000 aggregate
Automobile Liability	\$1,000,000 combined single limit for (1) Any Auto or (2) All Owned, Hired, and Non-Owned Autos
Excess and/or Umbrella Coverage	\$1,000,000 each occurrence/combined aggregate in excess of limits specified in Employer's Liability, Commercial General Liability, and Automobile Liability.

Defense costs are excluded from the face amounts of the policies.  
Aggregate Limits are per 12-month policy period unless otherwise indicated.



## ADDITIONAL TYPES OF COVERAGE

- Additional types of coverage dependent on the contractual vehicle and nature of transaction:
  - Professional Liability
  - Construction Projects: All Risk; Installation Floater; Owner's and Contractor's Protective Liability; and Pollution Liability.
  - Commercial Crimes
  - Cyber Security Insurance

# DETERMINING APPROPRIATE COVERAGE

- Three parties are involved in evaluating the necessary coverage:
  - Houston Airport System
  - Legal Department
  - Administrative and Regulatory Affairs, Risk Management Division
  - City of Houston's Insurance Broker

# INSURANCE REQUIREMENTS

- In addition to the listed types of the coverage generally required, the City of Houston also requires that:
  - Coverage is primary and non-contributory;
  - City of Houston is named as an Additional Insured;
  - Contracting party and it's insurer waives any rights of subrogation ("Waiver of Subrogation"); and
  - Contracting party waives any claims for premiums, deductibles, or self-insured retentions against the City of Houston.



## EVIDENCE OF COVERAGE

- The end user, here Houston Airport System, is responsible for the obtaining supporting documentation to verify compliance with the insurance requirements.
- A Certificate of Insurance (“COI”) is the instrument used to verify an entity is insured. The most commonly used form is issued by ACORD.



# CERTIFICATE OF LIABILITY INSURANCE

Certificate No. \_\_\_\_\_

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT REPRESENT AN ASSUMED OBLIGATION, EITHER ON BEHALF OF THE ISSUER OR BY THE POLICY OR POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER, AUTHORIZED REPRESENTATIVE OF THE POLICYHOLDER, AND THE CERTIFICATE HOLDER.

IMPORTANT: THIS CERTIFICATE IS AN ADDITIONAL INSURANCE POLICY THAT MUST BE READ WITH THE POLICY IT IS ISSUED FOR IN ORDER TO UNDERSTAND THE SCOPE AND CONDITIONS OF THE POLICY. PLEASE CONTACT YOUR AGENT FOR MORE DETAILS. A WARNING ON THIS CERTIFICATE DOES NOT CONFER RIGHTS TO THE CERTIFICATE HOLDER IN ANY OF SUCH POLICIES.

Insured	NAME	TYPE
	ADDRESS	CITY, STATE, ZIP
Certificate Holder	NAME	TYPE
	ADDRESS	CITY, STATE, ZIP
Insurer	NAME	TYPE
	ADDRESS	CITY, STATE, ZIP

### COVERAGE, CERTIFICATE NUMBER, POLICY NUMBER

This is to certify that the POLICY or POLICIES listed below have been issued to the insured in accordance with the policy or policies listed below. This certificate is not a contract and does not constitute an assumption of liability on the part of the insurer. It is subject to all the terms, conditions and exclusions of the policy or policies listed below. This certificate is not a contract and does not constitute an assumption of liability on the part of the insurer. It is subject to all the terms, conditions and exclusions of the policy or policies listed below.

TYPE	TYPE OF COVERAGE	INSURED	CERTIFICATE NUMBER	POLICY NUMBER	INSURER	COVERAGE	DATE
GENERAL LIABILITY	COMPREHENSIVE GENERAL LIABILITY					ACCIDENT OCCURRENCE	1
	PRODUCTS AND COMPLETED OPERATIONS					ACCIDENT OCCURRENCE	1
	ADVERTISING AND PROMOTION					ACCIDENT OCCURRENCE	1
	PERSONNEL AND VOLUNTEERS					ACCIDENT OCCURRENCE	1
	CONTRACTORS AND SUBCONTRACTORS					ACCIDENT OCCURRENCE	1
	NON-EMPLOYEES					ACCIDENT OCCURRENCE	1
	ADVERTISING AND PROMOTION					ACCIDENT OCCURRENCE	1
AUTOMOBILE LIABILITY	OPERATING AUTOMOBILES					ACCIDENT OCCURRENCE	1
	OPERATING AUTOMOBILES					ACCIDENT OCCURRENCE	1
	OPERATING AUTOMOBILES					ACCIDENT OCCURRENCE	1
	OPERATING AUTOMOBILES					ACCIDENT OCCURRENCE	1
	OPERATING AUTOMOBILES					ACCIDENT OCCURRENCE	1
	OPERATING AUTOMOBILES					ACCIDENT OCCURRENCE	1
	OPERATING AUTOMOBILES					ACCIDENT OCCURRENCE	1
AUTOMOBILE LIABILITY	OPERATING AUTOMOBILES					ACCIDENT OCCURRENCE	1
	OPERATING AUTOMOBILES					ACCIDENT OCCURRENCE	1
	OPERATING AUTOMOBILES					ACCIDENT OCCURRENCE	1
	OPERATING AUTOMOBILES					ACCIDENT OCCURRENCE	1
	OPERATING AUTOMOBILES					ACCIDENT OCCURRENCE	1
	OPERATING AUTOMOBILES					ACCIDENT OCCURRENCE	1
	OPERATING AUTOMOBILES					ACCIDENT OCCURRENCE	1

INSURANCE COVERAGE INFORMATION PROVIDED FOR INFORMATION ONLY. COVERAGE SUBJECT TO POLICY TERMS AND CONDITIONS.

### CERTIFICATE HOLDER, CANCELLATION

CERTIFICATE HOLDER	CANCELLATION
	THIS CERTIFICATE IS VOID IF THE POLICY IS CANCELLED OR EXPIRES. THE POLICY NUMBER AND DATE OF CANCELLATION OR EXPIRATION MUST BE PRINTED HERE.
	SIGNATURE OF REPRESENTATIVE



## EVIDENCE OF COVERAGE

- In 2011, the Texas Legislature codified longstanding Texas Department of Insurance of policy that a Certificate of Insurance is merely a summary of coverage.
- Initially, insurance policies did not include the coverage by City of Houston contracts which meant an endorsement was needed.
- Overtime insurance policies began to include the required coverage.
- The City of Houston modified its language to provide flexibility in providing the required coverage.

POLICY NUMBER:

COMMERCIAL GENERAL  
LIABILITY

CG 20 37 07 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – OWNERS, LESSEES OR  
CONTRACTORS – COMPLETED OPERATIONS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location And Description Of Completed Operations
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

CG 20 37 07 04

© ISO Properties, Inc., 2004

©Insurance Services Office, Inc.  
©2012 Verafore, Inc. All Rights Reserved.



## PRACTICE TIPS

- Host annual training for employees tasked with collecting insurance documentation and reviewing insurance for compliance.
- Create resource materials for employees, contractors, and vendors.
- Consider investing in infrastructure and/or purchasing tools to assist in managing insurance (e.g. myCOI and ins-cert).

FOR QUESTIONS, PLEASE CONTACT:

Lindsay Canning  
Assistant City Attorney  
City of Houston  
Office of the City Attorney  
900 Bagby Street, 4<sup>th</sup> Floor  
Houston, TX 77002  
[lindsay.canning@houstontx.gov](mailto:lindsay.canning@houstontx.gov)  
(832) 393-6423

