OVERVIEW
Insurance Pre-Approval Program

Beginning in the fall of 2006, construction contracts advertised by Caltrans included a new provision that requires the submittal of Contractor's general liability policy, excess liability policy, and a certificate of insurance for workers' compensation and automobile liability as conditions of contract approval. Contractors who bid frequently and are awarded Caltrans construction projects are required to submit insurance information as a condition of contract approval for each contract. Often the information is the same for each contract. Providing duplicate information has created an administrative burden on the contracting community, the insurance community, and Caltrans.

Contractors have routinely suggested Caltrans adopt an annual insurance pre-approval program designed to minimize paperwork and administrative burdens placed on contractors who are awarded multiple projects each year.

This is how the program works:

1. Prior to bidding a Caltrans job, contractors may request advance insurance approval by submitting complete copies of their insurance policies and required insurance certificates.
2. When Caltrans Office of Risk Management (ORM) verifies that the submitted insurance documents conform to the standard specifications and special provisions, Caltrans issues a certificate of pre-approved insurance. The pre-approval applies to all contracts with bid amounts up to the corresponding liability insurance policy limits approved pursuant to the table in Section 7-1.12 B (4) (b), "Liability Limits/Additional Insureds," of the Standard Specifications.
3. When pre-approved contractors bid and are awarded a project, they may simply enclose the pre-approved insurance certificate along with the executed contract documents to the Office of Office Engineer.
4. Contractors do not need to re-submit copies of policies or certificates until those policies expire or until contractors bid and are awarded a project greater than the pre-approved construction value limit of the certificate.

Contractors can be pre-approved for insurance in one of two ways:

(1) **Upon Contract Award:** The Contractor submits his complete insurance documentation to the Office of Office Engineer as required in the standard specifications and special provisions; along with the payment bond, performance bond, and executed contract documents. Note that all insurance documentation, including full copies of both the general liability and umbrella or excess liability policies, must be submitted electronically via CD-ROM. ORM reviews all submitted insurance documents against the requirements in the specifications. ORM may require additional documentation if submissions are incomplete or inadequate. Once approved, ORM issues a "Certificate of Approved Insurance." This certificate verifies that the Caltrans' insurance requirements have been met for a specific level of construction value; until such time any required policy in the specification expires.

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(2) **Prior to bidding any project:** A Contractor may submit an application for pre-Approved insurance. The application package should include complete insurance documentation to ORM in accordance with the Caltrans' insurance specifications and the instructions provided at this website. When all documentation is verified and complete, Caltrans issues a "Certificate of Approved Insurance." This certificate serves as evidence that the contractor's insurance is valid for a specific level of construction value and that they have complied with Caltrans' insurance provisions; until such time any required policy in the specification expires. When a contractor bids and is awarded a future contract, only the pre-approval certificate is submitted to the Office of Office Engineer; not copies of policies and certificates of insurance.

INSTRUCTIONS for:
Insurance Pre-Approval Program*

To obtain insurance pre-approval prior to bidding a Caltrans project:

1. Complete the attached "Application for Pre-Approved Insurance."
2. Copy all required insurance policies and certificates on a CD-ROM
3. Include the CD-ROM with your application and mail to:

Pre-Approved Insurance Request
Office of Risk Management
Division of Construction
California Department of Transportation
1120 N Street, MS 44
Sacramento, CA 95814-5605

*Notes:

- Construction Value Limit: Certificates of pre-approved insurance are issued for a specific limit of construction value only
- Photocopy the Certificate: Contractors may photocopy the certificate and distribute it to their field offices responsible for bidding.
- Expiration of Certificate: The expiration date of a certificate is the earliest expiration on any of the approved policies. Once a certificate expires, contractors must re-submit a request for approval for that particular line of insurance. When approved, a new certificate is issued to the contractor.

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APPLICATION FORM:
For Insurance Pre-Approval
California Department of Transportation

Contractor Name: _____

Address (Street/City/State/Zip): _____

_____

Phone: _____ Cell: _____

Requested By: _____Title: _____

Signature: _____

Please answer the following questions to assist Office of Risk Management with your request:

(1) Requesting pre-approval on projects with construction value:
_____ $1,000,000 or Less
_____ $5,000,000 and Less
_____ $25,000,000 and Less
_____ Greater than $25,000,000

(2) Expiration dates of required insurance coverages:
_____ General Liability
_____ Excess/Umbrella Liability
_____ Automobile Liability
_____ Workers' Compensation
_____ Other

(3) Office address to send certificate of pre-approved insurance (if different than above): _____

_____

IMPORTANT NOTE: Be sure to submit all required insurance documentation including a copy of your general liability, umbrella or excess liability policy, and certificate of insurance evidencing automobile liability and workers' compensation in a CD-ROM format to:

Pre-Approved Insurance Request
Office of Risk Management
Division of Construction
California Department of Transportation
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Construction Liability Insurance Limits

NOTE: The section below is not the complete insurance specification requirements for Caltrans contracts. This page is for reference only and identifies the liability insurance limits required according to construction contract value size. Please refer to the standard specifications, including special provisions, for a complete description of insurance requirements.

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 or Additional Insureds

- The limits of liability shall be at least the amounts shown in the following table:

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.

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Examples of pre-approved insurance:

Example 1: A contractor bids and is awarded a contract of less than $1,000,000 in construction value. The contractor submits complete insurance documentation evidencing the appropriate liability limits in accordance with the Caltrans' "tiered approach" in the insurance specifications. See "Insurance Table," summarizing required liability insurance limits. ORM approves insurance for this project and also issues the contractor a pre-approval certificate for future projects having construction value of $1,000,000 or less. A few months later, the contractor bids and is awarded a contract valued at $6,000,000. As a condition of contract approval, the contractor must submit to the Office of Office Engineer the appropriate liability insurance limits to comply with the specifications, because the contractor is only approved for contracts that are valued $1,000,000 or less. Once proper insurance documentation is submitted and approved, ORM issues another pre-approval certificate for projects up to $25,000,000 (the next tier in the insurance specifications).

Example 2: On 7/1/2007 a contractor received a pre-approval certificate from ORM for its general liability, excess liability, and auto liability insurance with a common expiration date of 10/1/2007. The contractor also received approval for his workers' compensation policy expiring 9/1/2007 as evidenced by a valid certificate of insurance. The pre-approval certificate is valid until 9/1/2007 (the contractor's next expiration date). On 8/25/2007, the contractor's insurance broker submits to ORM evidence that the contractor's workers compensation policy is renewed for another year. ORM issues a new pre-approval certificate to the contractor, valid until 10/1/2007, which is when the contractor's general liability, excess liability, and auto liability insurance expires. Prior to 10/1/2007, the contractor must re-submit copies of his general liability and excess liability policies (or binder until the policies are issued) as well as a certificate of insurance evidencing renewed automobile liability insurance. Upon receiving documented validation, ORM issues the contractor a new certificate of pre-approved insurance, valid until 9/1/2008.

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