RISK TRANSFER SEMINAR SERIES

Risk Transfer for Professional Consultants

Student Services & Other

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Risk Transfer Specialist

What is a Risk Transfer?

Transfers the responsibility to pay for claims to another entity

- The transportation company pays for claims arising from the services provided - not the District/BOCES or NYSIR

How are risk transfers completed?

- Through contracts that contain Indemnification/Hold Harmless language and Additional Insured Status

Importance of Risk Transfer

Risk Transfer is a Basic Component of any Risk Management Program

- Identifies critical exposures and assigns the responsibility to pay loss costs
- Reduces the cost of claims
- Stabilizes premiums
- Demonstrates a commitment to risk management
- Follows industry standards

Risk Transfers - Why Bother?

ADVANTAGES	CHALLENGES
➢ Reduce the cost of claims ➢ Stabilize premiums ➢ Forces the controlling party to bear the cost of claims ➢ Follow overall industry practice	➢ Time consuming ➢ Learning curve ➢ Administrative costs ➢ Disruption if third-parties don’t comply  

Requirements for a Successful Risk Transfer

Documents

- **Professional Consultant Agreement/Contract**

- **Insurance Procurement Requirements for Services to be provided**

Requirements for a Successful Risk Transfer

Documents

- Indemnification Language
- Properly Completed Certificate of Insurance
  - Accurate Information
  - Correct Terms/Conditions
  - Additional Insured Language
  - Policy effective/expiration dates

Professional Consultants

Student Services & Professional

Student Services Include:

- Athletic Trainers
- Nurses
- Occupational Therapists
- Speech Pathologists

Professional Includes:

- Accountants
- Auditors
- Engineers

Professional Services Agreements

Managing Professional Services	Contents
➢ Details services to be provided ➢ It is a written agreement – helps with enforcement ➢ Helps with Risk Transfer ➢ Provides Uniformity ➢ Tracks Compliance	➢ Indemnification Language ➢ Insurance Requirements ➢ Signatures or Acknowledgements ➢ Terms/Payment Schedule ➢ Handling of Personal Identifiable Information

Sample Indemnification Agreement

(Service Provider) does hereby covenant and agree to defend, indemnify and hold harmless the District/BOCES, from and against any and all liability, loss, damages, claims or actions (including attorney's fees) for bodily injury/property damage, to the extent permissible by law, arising out of or in any way connected with the services provided to the District/BOCES.

Certificates of Insurance

What They Do	What they Don't Do
➢ Document Coverage ➢ Document Limits ➢ Determine Compliance with Insurance Requirements ➢ Indicate Additional Insurance Status ➢ Indicate other Conditions and Terms	➢ Prove Coverage is in Effect ➢ Prove the District/BOCES has Additional Insured Status ➢ Guarantee Coverage ➢ Amend Policy Terms

Insurance Certificates
Common Deficiencies

Problem	Reason
Required coverages are missing; insufficient limits	Contractor/vendor/user may not be able to obtain coverages or limits; broker forgot to include coverages
Insurers are not licensed in NY	Hard market conditions - Contractor/vendor/user may not be able to renew with existing insurer
No additional insured status	Broker forgot to include
Wrong or missing endorsement	Broker error or insurer unwilling to provide required endorsement

Insurance Certificates
Common Deficiencies

Problem	Reason
Wrong certificate holder (building named instead of the district/ BOCES)	Typo or misunderstanding
Expired policies	Renewal policies not received
Unacceptable exclusions or conditions listed on the certificate	Contractor/vendor/user has restricted or unacceptable coverage
Certificate is unsigned	Mistake

Insurance Requirements for Professional Services

- **NYS Licensed and Admitted Carriers Strongly Preferred**

- **State that the organization's coverage shall be primary and non-contributory coverage for the District/BOCES, its Board, employees and volunteers.**

Insurance Requirements for Professional Services

- **Additional insured status shall be provided by standard or other endorsements that extend coverage to the District/BOCES (CG 20 26) or equivalent.**

- **The Certificate of Insurance must describe the services provided the that are covered by the liability policies.**

Insurance Requirements for Professional Services

Commercial General Liability Insurance

$1,000,000 per occurrence/ $2,000,000 aggregate, with coverage for sexual misconduct. Sub-limits below the policy limits for sexual misconduct coverage are acceptable solely at the discretion of the District/BOCES.

Insurance Requirements for Professional Services

Automobile Liability

$1,000,000 combined single limit for owned, hired, borrowed and non-owned motor vehicles.

Insurance Requirements for Professional Services

Workers' Compensation and NYS Disability Insurance

Statutory Workers' Compensation (C-105.2 or U-26.3); and NYS Disability Insurance (DB-120.1) for all employees. Proof of coverage must be on the approved form, as required by the New York State Workers' Compensation Board. A person seeking an exemption must file a CE-200 Form with the state.

Insurance Requirements for Professional Services

Professional Errors and Omissions Insurance

$2,000,000 per occurrence/ $2,000,000 aggregate for the professional acts of the consultant performed under the contract for the district. If written on a "claims-made" basis, the retroactive date must pre-date the inception of the contract or agreement. Coverage shall remain in effect for two years following the completion of work.

Insurance Requirements for Professional Services

Umbrella/Excess Insurance

$3 million each Occurrence and Aggregate. Umbrella/Excess coverage shall be on a follow-form basis over the required General Liability and Professional Liability coverage.

NYSIR'S ROLE

- **Review Professional Services agreement for correct and complete information**

- **Review Certificates of Insurance for proper coverages and endorsements**

Thank You

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Questions