

## OVERVIEW

### Insurance Pre-Approval Program



Caltrans' Insurance Pre-Approval Program allows a contractor, prior to bidding on a Caltrans' construction contract, or during an ongoing contract to submit its insurance documents to the Caltrans' Office of Construction Compliance (OCC) for pre-approval. If pre-approved, OCC issues the contractor a Certificate of Pre- Approved Insurance valid for the policy period and level of construction work. The successful bidder for every Caltrans' construction contract is required by contract to indemnify the state of California, and if applicable, other parties, and submit proof of the contractor's liability insurance together with the executed contract before the contract may be approved. The insurance pre-approval program is meant to reduce delays in contract execution, and lessen the administrative burden on Caltrans and contractors who are awarded more than one contract and need to submit the same insurance documents more than once in the same policy period.

#### **Contractors may be pre-approved for insurance in one of two ways:**

**1. Upon Contract Award:** When the successful bidder submits the complete insurance documents required under Section 3-1.07, "Insurance Policies," of the Standard Specifications (see below) to the Office Engineer (OE) as instructed in the award letter. OE forwards the insurance documents to the Office of Construction Compliance (OCC) in the Division of Construction for review and approval. If the contractor's commercial general liability (CGL) policy contains a blanket endorsement making the policy applicable to the entire contractor's work locations under contract with Caltrans, then OCC will issue the contractor a certificate of pre-approved insurance which is valid for all Caltrans' construction contracts in the same "total bid" range in the insurance table as the awarded contract under review.

**2. Prior to bidding on a Caltrans construction contract:** A contractor may request insurance pre-approval by submitting the application form below to the OCC with complete copies of the contractor's insurance documents required under Section 3-1.07, "Insurance Policies," of the Standard Specifications (see below). Note: The contractor's CGL policy MUST contain a blanket endorsement making the policy applicable to any work location by the contractor under contract with Caltrans. Upon review and approval, OCC will issue a certificate of pre-approved insurance for the level of contract work requested. When a contractor with the appropriate level of pre-approved insurance is awarded a construction contract, in-lieu of submitting copies of all insurance documents the contractor only needs to enclose the one page pre-approved insurance certificate along with the executed contract documents to the Office Engineer as instructed in the contract award letter.

**STANDARD SPECIFICATIONS DATED 2010**

**Section 3: CONTRACT AWARD AND EXECUTION**

**Section 7: LEGAL RELATIONS AND RESPONSIBILITY TO THE PUBLIC**

NOTE: The following are excerpts and are not the complete insurance specifications for Caltrans contracts. They are included here for the convenience to show the liability insurance limits and the documents needed to show proof of insurance. Please refer to the Standard Specifications, including special provisions, for the complete insurance specifications of your contract.

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**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 section 3700.

**STANDARD SPECIFICATIONS DATED 2010**  
**Section 7-1.06D “Liability Insurance” of Standard Specifications**

**7-1.06D Liability Insurance**

**7-1.06D(1) General**

Carry General Liability and Umbrella or Excess Liability Insurance covering all operations by or on behalf of you providing insurance for bodily injury liability and property damage liability for the following limits and including 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

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

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

<b>Liability Limits</b>				
Total Bid	Each Occurrence Total Limit <sup>a</sup>	Aggregate limit for Products/Completed Operations	General Aggregate Limit <sup>b</sup>	Umbrella or Excess Liability Total limits <sup>c</sup>
≤\$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 the 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.				

### Examples of pre-approved insurance:

*Example 1:* A contractor bids and is awarded a contract of less than \$1,000,000 in “total bid.” The contractor submits complete insurance documents conforming to the provisions of Section 3-1.07, “Insurance Policies,” of the Standard Specifications. Office of Construction Compliance (OCC) approves the insurance for this project and also issues the contractor a certificate of pre-approved insurance 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. Under Caltrans’ specifications, the contractor must submit to Office Engineer (OE) complete new liability insurance documents or endorsement to increase the existing policy to cover a \$6,000,000 contract because the contractor is only pre-approved for contracts valued up to \$1,000,000. Once proper insurance documentation is submitted and approved, OCC issues another pre-approved insurance certificate for projects up to \$10,000,000 under the specifications table ( $> \$1,000,000 \leq \$10,000,000$ ); see table on page 3.

*Example 2:* On 7/1/2014 a contractor’s insurance is pre-approved and the contractor’s general liability, excess liability, and auto liability insurance have a common expiration date of 10/1/2014. But the contractor’s workers’ compensation policy shown on the certificate of insurance expires on 9/1/2014. The pre-approval certificate is valid until 9/1/2014 (the earliest date of the required policies expires). On 8/25/2014, the contractor’s insurance broker submits to OCC evidence that the contractor’s workers compensation policy is renewed for another year thru 9/1/2015. But OCC will only issue a new pre-approved certificate valid thru 10/1/2014, the expiration date of the contractor’s general liability, excess liability, and auto liability insurance policies. 10 days before 10/1/2014, the contractor must submit copies of his general liability and excess liability policies (or binders until the policies are issued). If the contractor submits a binder in-lieu of an actual policy, the pre-approved certificate will be valid for no-longer than 90 days from date of issuance – the statutory limit for binders to expire.

**INSTRUCTIONS for:  
Insurance Pre-Approval Program\***

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

1. Complete the following “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 Construction Compliance  
& Training (OCC&T) Division of  
Construction  
California Department of Transportation  
1120 N Street, MS 44  
Sacramento, CA 95814-5605

4. Or, you may send the completed application documents via email to: [approval@ctrisk.com](mailto:approval@ctrisk.com)

\*Notes:

- Photocopy the Certificate: Contractors may photocopy the certificate and distribute it to their field offices responsible for bidding and executing contracts.
- Expiration of Certificate: The expiration date of the certificate is the earliest expiration on any of the approved policies. Prior to expiration of a pre-approved certificate, the contractor may be notified by OCC to submit the required renewal policy. If a certificate expires, the contractor must re-submit a request for approval. When approved, a new certificate is issued to the contractor.



**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 the Office of Construction Compliance with your request:**

- (1) Requesting pre-approval on projects with construction value: \_\_\_\_\_ \$1,000,000 or Less  
\_\_\_\_\_ \$10,000,000 or Less  
\_\_\_\_\_ \$25,000,000 or 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 from 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 on a CD-ROM:**

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