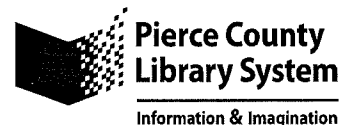

M E M O



Date: December 5, 2011

To: Chair J.J. McCament and Members of the Board of Trustees

From: Clifford Jo, Finance & Business Director

Subject: Proposed board policy for third party insurance requirements

I've worked on a proposed Board-level policy (see attached) that stipulates insurance requirements for third parties doing business with the library.

Although we've had a practice that required proof of insurance and insurance limits of third parties (e.g., vendors, contractors, consultants), we've not had a formal policy in place that states those limits as well as having us be named as additional insured.

In reviewing this policy with our attorney, Rich Wooster, he recommended this be a Board level policy, as you may be interested in the insurance risks that the Library may carry with entities we do business. (Separately and not needing to be in this policy, our attorney is providing us language that we can put in our contracts to be indemnified by third parties.)

If you are comfortable with the policy as attached, this requires a motion to be passed by a majority of the Trustees.

PROPOSED 12/02/2011

**Board Policy XX-XX
Third Party Insurance Requirements**

Policy Statement

It is the policy of the Pierce County Library System to minimize loss through adequate and appropriate insurance policies and ensure that individuals or entities doing business with the Library have adequate insurance coverage.

Definitions

Insurance—general liability, automotive, property, equipment and other coverage or endorsements that protect and limit the Library interests from loss.

Insured—an individual or entity that has insurance coverage in force.

Certificate of Insurance—a statement from an insurance company that provides proof of insurance for the duration of an activity or equipment, stating limits of coverage.

“Additional Insured”—an insurance endorsement that requires an insurance company to name the Library as being protected and defended by the Insured’s policy.

Library Risk Manager—a Library employee (Finance & Business Director) authorized to perform duties associated with risk management, enforce insurance requirements, and is the keeper of insurance records as required by law or business purposes.

Policy

The Library shall carry adequate insurance coverage, including but not limited to all its officers, employees, and appointees working for and on behalf of the Library; its property; its equipment; its special considerations; and its contracts or agreements as required. Individuals and entities doing business with the Library must carry adequate insurance, provide proof of insurance for events and activities held on library property, and may be required to name the Library as “additional insured”, for the duration of the event or activity, or as stipulated by the Library.

Prior to any activity or event, the Insured must submit to the Library a reputable certificate of insurance to the Finance & Business Director with the following minimal coverage:

<u>General Liability</u>	<u>Automotive</u>	<u>Umbrella/Excess Liability</u>
\$1,000,000 per occurrence	\$1,000,000	\$5,000,000
\$2,000,000 aggregate		

The Library reserves the right to: review, reject, and request the entity provide insurance through another carrier; require changes to coverage and limits; and require additional coverage as deemed necessary.

The Executive Director may modify the general insurance limit requirements within this policy, provided that the proposed modification is communicated to the Board of Trustees prior to a regularly scheduled Board meeting and that the modification will not take effect until after the

PROPOSED 12/02/2011

Board has considered the issue at such Board meeting and has passed a motion to approve the revised insurance limit requirements or other changes to this policy.

The Library will reference this policy and the required insurance limits in all requests for proposals and contracts for the Library.

The Executive Director or Finance & Business Director may make exceptions to insurance requirements according to business needs.