

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 3-1.05, “Insurance Policies,” of the Standard Specifications. Office of Risk Management (ORM) 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, ORM issues another pre-approved insurance certificate for projects up to either \$25,000,000 under the old specifications table (>\$5,000,000 ≤\$25,000,000); or up to \$10,000,000 under the new specifications table (>\$1,000,000 ≤\$10,000,000).

Example 2: On 7/1/2007 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 10/1/2007. But the contractor’s workers’ compensation policy shown on the certificate of insurance expires on 9/1/2007. The pre-approval certificate is valid until 9/1/2007 (the earliest date of the required policies expires). 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 thru 9/1/2008. But ORM will only issue a new pre-approved certificate valid thru 10/1/2007, the expiration date of the contractor’s general liability, excess liability, and auto liability insurance policies. 10 days before 10/1/2007, 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 longer than 90 days from date of issuance – the statutory limit for binders to expire.