

S.P.A.R.T.A.

January 2004

SERVICE PROVIDERS AND ARTISAN TRADESMAN ACTIVITIES

WHAT IS SPARTA:

SPARTA was designed to provide Commercial General Liability, Excess General Liability, Professional Liability and Non-owned Automobile Liability coverage to tradesman, artisans, contractors and tenants who would not otherwise be able to provide the insurance limits needed to successfully bid and compete for Public Entity business opportunities.

THE SPARTA ADVANTAGE:

- Allows the Public Entity to access small local contractors and minority tradesmen thereby keeping their budget dollars within their community.
- Eliminates the costly and often difficult task of acquiring, confirming and storing Certificates of Insurance received from contractors.
- Provides the Public Entity with monthly reports as to the number of participants, size of the contracts, loss information and specific department activity.
- The collection of premiums, assessment of exposures and the production of the **SPARTA PROGRAM** are the total responsibility of Municipality Insurance Services, Inc.
- Provides the Public Entity with a policy of insurance that has been tailored to their specific requirements and needs.
- Enhances the fairness and openness of the entire bid process.

ADVANTAGE TO TRADESMAN, CONTRACTOR OR VENDOR

- No hassle 24-hour quote turnaround.
- Does not require any prior insurance coverage, application or loss runs to participate in the **SPARTA PROGRAM**.
- Allows contractors to purchase coverage for a specific job or contract they have received, thereby lowering their insurance costs.
- Tradesman, contractors and vendors receive insurance coverage that has been pre-approved by the Public Entity.

HOW DOES SPARTA WORK?

The artisan, consultant, contractor, vendor or tradesman would call our toll free 800 number. One of our licensed professionals would determine the scope of work performed and what coverages are required by the Public Entity. After ascertaining the kind of work performed and the length of the contract, we would fax or mail the potential contractor a quotation. This document contains specific information they will require to purchase the coverage. If they elect to use the **SPARTA PROGRAM** they send a cashiers check or money order for the amount of the premium. Upon receipt of this, we will issue a Certificate of Insurance based on the Public Entities pre-approved master policy and coverage will be activated. The **SPARTA PROGRAM** offers premium financing on annual policies with premiums greater than \$1,500.00. Our website www.2sparta.com can provide payment by credit card.

At the end of each month, we provide the Public Entity with a copy of all the contractors, vendors and tradesmen who have been issued coverage through the program. This report includes the name of the contractor, the contract or voucher number, when available, the premium paid, department requesting the coverage and what lines of coverage were written. A copy of each certificate issued will be attached to this report. The Public Entity will also receive a claims status report of any new or on going claims. Our office will notify the participating certificate holder sixty days prior to expiration of coverage and notify your office if they fail to renew their coverage.

HAS SPARTA BEEN SUCCESSFUL?

The **City and County of Los Angeles, the Los Angeles World Airports, the City and County of San Francisco, the County of San Bernardino, the County of San Diego, the San Diego Port and Airport Authority, the County of Santa Barbara and numerous other Public Entities in California are currently using the SPARTA PROGRAM** with great success. In 2004, the SPARTA PROGRAM became available in the STATE OF OREGON and is currently written for the State as well as the City of Portland and the Port of Portland. Thousands of small and local contractors contact us each year and we are able to assist them in securing the insurance coverage they would not otherwise be able to obtain. **SPARTA** has been in use for ten years and has had two claims during that period. We continue to grow in the number of participants and our ability to provide insurance programs with a variety of enhancements and new coverage lines. Our office is continuing to work on new lines of coverage with the help of the member cities and counties and public entities. Look for **SPARTA** to continue to offer more advantages to our participants in the year 2005.

HOW DO YOU ACCESS SPARTA?

Accessing the **SPARTA PROGRAM** is as simple as a toll free telephone call. Our toll free number is 1-800-420-0555. Our fax number is 1-714-687-1106. You may also access our web site at www.2sparta.com or e-mail us at carol@2sparta.com. We will be looking forward to hearing from you. Give us a call and we will do the rest.

THE SPARTA PROGRAM

Service Providers & Artisan Tradesman Activities Liability Program

1. **POLICY FORMS:** Commercial General Liability-New Occurrence Form
Designated Professional Liability (by endorsement)
Miscellaneous Medical Malpractice (by endorsement)
Non-Owned Automobile Liability (by endorsement)
Excess Following Form Liability

2. **POLICY LIMITS:** Commercial General Liability
\$1,000,000 Per Occurrence
\$2,000,000 General Aggregate
\$1,000,000 Products and Completed Operations
\$1,000,000 Personal and Advertising Injury
\$ 50,000 Fire Damage (any one fire)
\$Excludes Medical Payments

Coverage Available by Endorsement to the General Liability
\$1,000,000 Professional Liability
\$1,000,000 Medical Malpractice
\$1,000,000 Non-Owned Automobile Liability

3. The following enhancements are available:
 - a. Primary Commercial General Liability Limits to \$5,000,000 per occurrence and aggregate.
 - b. Increase the aggregate limit from \$2,000,000 to \$3,000,000.
 - c. Terrorism coverage under the guidelines of the Terrorism Risk Insurance Act will be offered to each participant.

4. To activate **SPARTA**, the Public Entity pays an annual deposit of \$5,000.00, plus State tax and stamping fee. The deposit premium is a working deposit against the premiums paid by participants during the policy year. The unused portion of the deposit premium will be either refunded or rolled over if the Public Entity wants to continue with the program. Example: The Public Entity pays the annual policy deposit of \$5,000.00 plus taxes & fees. The Master Policy is then issued and can be accessed by the Public Entity's vendors and contractors. Vendors and contractors are endorsed to the Master Policy. Limits and coverage apply separately to each certificate and the certificate is issued as if a separate policy of insurance had been issued for each vendor and contractor. At expiration the policy is audited and if the premium amounts to \$3,500.00 that will be deducted from the deposit premium and

the remaining \$1,500.00 will be fully earned by the carrier. The unearned portion (\$3,500.00 plus taxes & fees) can then be either returned or used against the next years deposit premium.

5. Deductible: \$500.00 Bodily Injury and Property Damage Per claim including loss adjustment expense. The participating public entity will be responsible for payment of the deductible if the certificate holder defaults or is unable to pay.
6. Claims to be reported to Municipality Insurance Services, Inc. Should a claim be received by either the Public Entity or Municipality Insurance Service, Inc., it will be the responsibility of the recipient of the report to inform all parties; the Public Entity, agent and carrier as soon as possible.
7. Policy will be issued with the following named insured:

Service Providers & Artisan Tradesman
Activities General Liability Program for the designated Public Entity.
8. The following will be "Named Additional Insured":
 - a. The participating Public Entity and it's Departments
 - b. Each Certificate Holder
9. The following may be added as Additional Insureds to specific Certificates as needed for a charge of \$100.00 each plus taxes and fees:
 - a. Adjacent property owners, public or private, who grant the Public Entity or the certificate holder access via their premises.
 - b. Benefactors, public agencies or private, non-profit organizations who contribute or distribute funds for projects.
 - c. Additional interest parties: construction managers, design professionals, adjacent public utilities, railroads, co-operating public agencies not directly involved in construction activities.
10. General Contractors may be named as Additional Insured's in conjunction with projects funded by the Public Entity and as long as the subcontracted work meets the Hazard I and II guidelines and does not appear on the prohibited list. A charge will be made for this service of \$100.00, plus taxes and fees. An extra copy of the certificate will be provided.
11. Policy exclusions contained in the ISO form CG0001 (10/93) included absolute pollution, asbestos, subsidence, employment related practices, independent contractors, lead paint, assault and battery, occupational disease, professional (except when added by endorsement), punitive damages, cross suits, liquor liability, employees of independent contractors. Other attachments: Contractual Liability Limitation Endorsement, Composite Rate Endorsement, Designated Premises, contract or project (if needed), Classification Limitation Endorsement, Deductible Endorsement and Service of Suit.

12. Master policy issued by Essex Insurance Company, (Best rated AX), for a one (1) year effective period with coverage to be extended for an additional twelve (12) months after expiration for certificates issued during that policy period even if the policy is not renewed by the election of either the participating Public Entity or the Company.

13. A Certificate can be issued in several ways:
 - a. For the specified contract awarded with the effective date of the certificate to coincide with the effective date of the specific contract and to expire in accordance with the contract period not to exceed twelve (12) months from the date of issuance. Example: If the Public Entity issued a three (3) year contract the certificate would be issued for twelve (12) months and the premium would be predicated on one third of the contract value. If at the end of that twelve (12) month period the program is still in use, they would need to be issued a new Certificate for an additional twelve (12) months based on one-third of the total original contract value. Coverage may be limited to the specific contract the Certificate is issued for.

 - b. Certificates issued for a specific project and length of time can be extended if the project is extended on a monthly basis as needed as long as there is no lapse in coverage. (See number 20 & 22 of this document.)

 - c. Certificate of Insurance can be issued on an annual basis for those suppliers, contractors and vendors who work on an “as needed basis” or provide a service on an annual basis.

14. Premium will be calculated in accordance with the composite rates contained in this proposal.

15. All premiums will be subject to State Taxes and Stamping Fees. Commercial General Liability will have fully earned Certificate fees based on primary premiums as follows:

a. \$ 0 - \$ 500 will be \$ 50	\$1001 - \$2000 will be \$100
\$ 501 - \$1000 will be \$ 75	\$2001 and up will be \$150

 - b. Each additional line of coverage is subject to same certificate fee as indicated above.

16. Certificates will be issued by Municipality Insurance Services, Inc., and will be issued under a “block” of sequential numbers to be determined at the time the Master Policy is issued.

17. Each Certificate will have four (4) copies to be dispersed as follows: the Certificate Holder, the Public Entity, Municipality Insurance Services, Inc., the Surplus Lines Broker, Essex Insurance Company. Disbursement will be the responsibility of Municipality Insurance Services, Inc.

18. Premiums will be collected at the time of issuance of the certificate by Municipality Insurance Services, Inc. **Premiums will be paid by the vendor or contractor by cashier's check or money order all such premiums will be fully earned at inception. No refunds will be given after inception.**

19. Municipality Insurance Services, Inc. will provide the Public Entity, the General Agent and the Company with a monthly report of all certificates issued from the first calendar day of the month to the last calendar day of the month. This report will be disbursed to the Public Entity, the General Agent and the Company no later than the 10th day of the following month.

20. Exposures will be divided into four (4) hazard classes based on exposure:

Hazard I-	Service Providers
Hazard IA-	Tenants
Hazard IB-	Vendors and Push Carts
Hazard II-	Artisan Contractors & Tradesman
Hazard IIA-	Emergency Shelters & Group Homes
Hazard III-	Prohibited Operations

21. **Service operations** will be classified as **Hazard I exposures**. The rate will be .5% of the contract value. Contracts with 90 days or less in duration and \$90,000 or less in contract value are subject to the following minimum premium schedule:

Contract Values	Minimum Premium
0-\$12,500	\$250.00
\$12,501-\$25,000	\$325.00
\$25,001-\$37,500	\$400.00
\$37,501-\$90,000	\$450.00

Contracts exceeding the 90 days, but with less than \$90,000 in contract value will be charged \$55.00 for each additional month not to exceed an annual charge of \$750.00. Minimum annual premium for this class will be \$750.00 Plus a \$75.00 certificate fee and a State tax and Stamping fee.

22. **Hazard Class I Schedule** (To include but not limited to the following):

- Caterers (With no public exposure)
- Computer software (incl. Training classes)
- Distributors (all varieties)
- Electronic data processing
- Express Companies
- Freight forwarders
- Laundries
- Mailing/addressing companies
- Office machine service/repair
- Office machine installation
- Paper products distributors

Photographers
 Printers
 Temporary employment agencies
 Rental companies (other than autos or contractor equipment)
 Uniform suppliers
 Vending machine operations

23. Hazard Class I-A was designed for **risks that lease, rent, or occupy space owned by the Public Entity**. It provides the full **SPARTA** coverage limits with the stipulation that products may be excluded if they are determined by the underwriter to be too hazardous. (Should products be excluded the certificate and quotation will be clearly noted.) The premium is based on the number of square feet occupied and can be written short term or annually. Rates and minimum premiums are as follows:

Building or Premises-\$50.00 Per month per 1,000 sq. ft., occupied or \$250.00 per 1,000 sq. ft. occupied annually

Parking Private-property rented to others: \$25.00 per vehicle per day or \$250.00 per vehicle annually.

Parks or open land-rented or leased to others: \$100.00 per day or \$250.00 per acre annually.

24. Hazard Class IB was designed for pushcart, snack bars and kiosks occupying space on city, county or public entity property. They must be licensed by the city, county or public entity and have a permit. Food service occupancies must have a current Health Department Permit. The premium basis is per location. Rating classes are as follows:

Vendors, pushcarts, snack bars and kiosks selling non-food items or food packaged and process by others and not heated or reheated will be charged \$145.00 annually.

Examples: Shoeshine stands, flowers, canned soda, bottled water, packaged chips, cakes or candy, newspapers, books or magazines.

Vendors, pushcarts, snack bars and kiosks selling food items that are heated, reheated, cooked or packaged by the vendor will be charged \$170.00 annually.

Examples: Hot dogs, dispenser soda or ice's, coffee, fruit or vegetables, pretzels, cotton candy, popcorn and unpackaged bakery goods.

25. Artisan contractors and tradesman will be classified as **Hazard II** exposures. The premium will be .7% of the contract value. Contracts with 90 days or less in duration and \$135,000 or less in contract value will be subject to the following minimum premium schedule:

Contract Values	Minimum Premiums
0-\$ 16,250	\$450.00
\$16,251-\$ 33,000	\$650.00
\$33,001-\$ 50,000	\$825.00
\$50,001-\$135,000	\$950.00

Contracts exceeding 90 days but with contract values of \$135,000 or less will be charged a flat \$55.00 for each additional month not to exceed an annual flat charge of \$950.00, plus the State tax and fee. The annual minimum premium for this class will be \$950.00, plus \$75.00 certificate fee and State tax and Stamping fee.

26. Hazard Class II Schedule (To include but not limited to the following):

Alarm installation, service or repair
Automobile service or repair-excl. emergency service or public transit vehicles
Cabinet makers
Cable or telephone system installation
Carpentry-all classes
Carpet cleaning and installation
Caterers (with public exposure)
Communications equipment installation
Consultants (with public exposure)
Cement or concrete floors
Concrete construction
Conduit construction-within buildings or repair & service of existing lines
Debris removal
Decorating
Demolition-under two stories-no explosives or wrecking ball
Door or window installation or repair
Drywall/wallboard installation or repair
Electrical work within buildings
Excavation
Fence installation or repair
Fire extinguisher service
Fire suppression systems installation, service or repair
Floor covering installation
Furniture or fixtures installation, service or repair
Glass installation
Grading of land
Graffiti removal
Heating and air conditioning installation, service or repair
Janitorial service
Landscaping, lawn mowing, tree trimming or gardening
Locksmiths
Metal erection-artistic or decorative
Masonry work
Modular building erection
Painting-interior
Painting-exterior under three (3) stories
Paper hanging
Pest control
Plumbing
Security guards-unarmed only-excluding rock concerts and sporting events
Sheet metal work
Sign painting and lettering within buildings or under two (2) stories

Shuttle bus terminal coverage only-excluding loading and unloading
 Street sweepers (excluding automobile liability)
 Tile, stone or marble installation
 Window cleaning-interior
 Window cleaning-exterior under three (3) stories

Note: General Contractors may be written in the program as long as the work they are performing conforms with the program guidelines and any subcontractors hired by them are also certificate holders in the program or provide proof of insurance with like limits naming our insured and the public entity as “Additional Insureds”.

27. **Hazard Class IIA** This Hazard Class is intended for homes, halfway houses, and other facilities set-up to provide sanctuary, assistance or shelter to victims of abuse, domestic violence, public disaster, homeless and temporarily displaced persons. The premium is calculated based on the number of beds and the designated use. The program is limited to a total of 15 beds at any one location and all residents must be ambulatory. Not available to organizations providing shelter for parolees or youthful offenders. The premiums stated below are for General Liability and Professional Liability combined. A Care Providers Endorsement (M/E-029) and Habitational Endorsement (M/E-091) are mandatory endorsements.(Exhibit #3).

No. of Beds	Abused Children			Emergency Shelters
	Women’s Shelter	Halfway House	Group Homes	
1-7	\$1,000	\$1,500	\$2,500	\$1,500
8-15	\$2,000	\$2,500	\$3,500	\$2,500

28. **Hazard Class III** The following operations are not eligible for the program and are prohibited operations:

Airport control tower construction, service or repair
 Airport control tower equipment installation, service or repair
 Airport runway or warming apron construction, service or repair
 Airport security
 Aircraft service or maintenance
 Ambulance services
 Alarm monitoring
 Blasting operations
 Boat or ship building
 Bridge or elevated highway construction
 Building structure raising or moving
 Caisson or cofferdam work
 Construction of buildings-more than one (1) story
 Dredging
 Drilling
 Earthquake retrofitting (not to include repair or debris removal)
 Electric light or power line construction
 Elevator repair, service or installation
 Emergency or rescue services

Fire proofing (not to include fire suppression installation, service or repair_
 Garbage, ash or refuse collection (not to include janitorial operations)
 Gas mains or connections construction
 Metal work or erection-structural or load bearing
 Pier or dock construction or repair
 Pile driving
 Pipeline construction or installation
 Railroad construction or repair
 Tank construction or installation
 Street, road or highway construction, paving or re-paving
 Primary construction of the following:
 Steam mains or connections
 Sewer main or storm drain construction
 Water or sewer main construction
 Underpinning of buildings or structures

29. Municipality Insurance Service, Inc. will provide the public entity with materials explaining the program and how the service providers and contractors can access the program.

- a. Flyers will be provided with the toll free 800 number.
- b. Hard copy quotations will be provided to the service providers with copies the Public Entity at their request.
- c. Municipality Insurance Services, Inc. will attend seminars, workshops, meetings as the Public Entity deems necessary to promote the **SPARTA PROGRAM**.

SPARTA QUESTIONS AND ANSWERS

Q. Can exposures, other than those listed in the Hazard Classes be written in the SPARTA Program?

A. Yes, the Hazard Class examples provide a guideline for the type of risk we are interested in but other exposures should not be excluded. For an example, we had an artisan who had received a bid to create and install a tile mosaic at one of the airports. We listed him as a Hazard Class II-tile, stone or marble installation.

Q. If a contractor or consultant has his Commercial General Liability elsewhere, but still needs Professional Liability and Non-owned Automobile coverage, can you write just those coverage's with **SPARTA**?

A. No, Non-owned Automobile Liability, Professional Liability, Miscellaneous Medical Malpractice, Physical and Sexual Abuse coverage are all endorsements to the **SPARTA** Program and must be written in conjunction with **SPARTA** Commercial General Liability.

Q. How does the Non-owned Automobile Liability meet the Public Entity's auto insurance requirement for Owned, Non-owned and Hired Auto?

A. The **SPARTA** Non-owned Automobile Endorsement reads as follows, “Coverage Applies only the Public Entity as limited to the specific work performed under this Certificate.” This endorsement indemnifies the Public Entity for any automobile not owned or hired by them. Example: Consultant is using his own automobile while working for the Public Entity. He has his private insurance with limits of \$15/30/5, as required by the State of California. We write a Non-owned Automobile endorsement and it provides \$1,000,000 in coverage for the Public Entity should they be drawn into a suit as a result of the consultant’s actions.

Q. Will **SPARTA** provide Non-owned Automobile coverage for all Public Entity Contractors?

A. No, we will not provide the coverage for vehicles with a primary commercial exposure, such as, dump trucks, buses, commercial haulers, or vehicles for hire. We will write contractors who use their private passenger automobile during the execution of their work for the Public Entity.

Q. What about Medical Malpractice Liability? Does **SPARTA** write this coverage for doctors?

A. We offer this coverage to doctors, nurses and all types of health aide practitioners who do non-invasive treatment. Visiting nurses, mobile x-ray technicians, hospice care providers and doctors in a consulting position.

Q. If a coverage for a specific class of contractor was needed would **SPARTA** consider providing coverage?

A. Almost all the enhancements to the **SPARTA Program** have been generated exactly that way. For example: Los Angeles World Airport needed to provide some reasonably priced coverage for vendors at the airport. We created Hazard Class IA to meet that need.

Q. Is it acceptable for one of us to call the **SPARTA** 800 number if we have a question?

A. We invite you to contact us and we will try to be of assistance to you whenever possible.

How SPARTA Works:

The following are examples of actual **SPARTA** participants.

Example 1. The contractor is a consultant doing data analysis, survey research, and program assessment of outcomes for CALWORKS evaluations. He will also develop neighborhood indicators for the MDRC project, population and poverty estimates for URD. Will be responsible to coordinate the date to various agencies. The consultant will have contact with the public. Contract requires Commercial General Liability, Professional Liability and Non-owned Automobile Coverage on an annual basis. Contract value \$88,840.00.

SPARTA Premium and underwriting as follows: Consultant was determined to be a Hazard Class II due to the public exposure. Since his contract value was less than \$135,000, the consultant was able to receive the minimum annual premium for a Hazard II or \$950.00 annual. Non-owned Auto coverage is a flat \$250.00 per vehicle and he had

only one vehicle. Professional Liability was deemed by the underwriter to be an equal exposure with the Commercial General Liability and a premium of \$950.00 was charged. The final premium calculations were as follows:

Commercial General Liability	\$ 950.00 + State taxes and fees
Professional Liability	\$ 950.00 + State taxes and fees
Non-owned Automobile	\$ 250.00 + State taxes and fees
Total Insurance Cost	<u>\$2,150.00</u> + \$200.00 certificate fee for a
Total of	\$2,350.00 + State taxes and fees

Example 2. The contractor is a translator for Public Social Services and is required to have Commercial General Liability and Automobile Liability.

SPARTA Premium and underwriting as follows: Written as a consultant with a public exposure. Annual contract value was less than \$135,000.00. Commercial General Liability written at a minimum premium of \$950.00, plus single car Non-owned Automobile coverage at \$250.00 and a \$150.00 certificate fee for a total of \$1,350.00 annual premium plus State taxes and Stamp fees.

Example 3. Photocopy repair and cleaning service need an annual policy but the contract value was less than \$10,000.00. Required to have Commercial General Liability only. No public exposure and would come on an “as needed basis” only. Determined that they would be used less than thirty (30) days per year.

SPARTA Premium and underwriting as follows: No public exposure makes this risk a Hazard I at the minimum premium of \$250.00 and a \$50.00 certificate charge for a total annual premium of \$300.00 plus State taxes and Stamp fee .

Example 4. Artisan contractor doing an office remodeling job with a contract value of \$28,000.00. Contract duration sixty (60) days. Required to have Commercial General Liability only.

SPARTA Premium and underwriting as follows: Construction contractor Hazard II with less than ninety (90) days in duration and less than \$135,000.00 in contract value would be charged \$650.00 premium plus a \$75.00 certificate fee for a total of \$725.00 and State taxes & Stamp fees.

Example 5. A grant program for after school care. Will have 75 to 100 students each day from 2:00 p.m. until 6:00 p.m. They will provide tutoring service, arts and crafts and organized games. The grant amount is \$128,000.00 annually. They are required to name the school as an “additional insured”

SPARTA Premium and underwriting as follows: They would be rated as a Hazard Class II due to the public exposure. The base premium for Commercial General Liability would be \$950.00. There is no charge for naming the school as an “Additional Insured” because this is a non-profit covered under the general terms of “Who is an Additional Insured”. The premium would be subject to State taxes and Stamp fees and a \$75.00 certificate fee. The annual cost would be \$1,025.00 plus the State taxes and Stamp fees.

Example 6. Masonry contractor is going to build a retainer wall. The contract is requiring him to have Commercial General Liability only and the work will be completed in thirty (30) working days with a contract value of \$12,000.00.

SPARTA premium and underwriting as follows: The contractor would be a Hazard II with less than \$135,000.00 in contract value and less than ninety (90) contract days. He would be charged the minimum premium of \$450.00 plus a \$50.00 certificate charge for a total of \$500.00 and the State taxes and Stamp fees.

Example 7. An outside contractor is hired to give a seminar to County employees on health and safety. His contract requires he carry Commercial General Liability. He is being paid \$2,200.00 for three (3) classes to be held on County property.

SPARTA premium and underwriting as follows: The contractor would be considered a Hazard I risk with less than a ninety (90) day contract and his premium would be \$250.00 and a \$50.00 certificate charge for a total of \$300.00 plus State taxes and Stamp fees.