

Contract Review Policy

This policy is to ensure that the procedures for executing contracts is clearly explained and followed by all authorized personnel. The following outlines proper procedures for executing contracts, and the requirements for insurance and contract language determining responsibility in the event of a loss.

GENERAL REQUIREMENTS

The types of contracts and dollar amounts will vary greatly depending on the project. This policy applies to all contracts regardless of size. It applies to contracts for services, such as employment contracts and snow removal, as well as major building projects and lease arrangements.

All contracts must be examined using criteria from this policy. All proposed contracts exceeding the amount of \$10,000 for parishes, schools, agencies and offices of the Diocese of Crookston must be reviewed and approved by the diocesan attorney. In the case where several nearly identical contracts are required over a period of time, such as employment contracts, the diocesan attorney may approve the use of a standard form contract. A sample standard contract for small construction jobs, including renovations and small additions, is attached.

PROFESSIONAL SERVICES

A professional service contract should be used for the services of architects and engineers. Evidence of professional liability insurance is to be provided to the Diocese, including a Certificate of Insurance naming the parish and the Diocese of Crookston as additional insured. Contracts with architects for feasibility studies carry no specific insurance requirements.

CONSTRUCTION PROJECTS

Though projects exceeding \$10,000 will require approval by the Bishop, the contracting body is asked to do the initial review. (See 'Review Process' section below.) No commitment, oral or written, should be given until approval is received from the Bishop.

Contractors working on any project, whether new construction, repair and/or renovation, must provide a Certificate of Insurance proving coverage and naming the contracting party and the Diocese as Additional Insured on the project. Contact Waldorf Risk Solutions (631-418-0411) to determine the type and amounts of insurance coverage required of a Contractor. The types of insurance will vary depending on the type of contract. In each case, the Contractor must provide Worker's Compensation, Public Liability and Automobile Liability Insurance, as appropriate, and verify coverage with Certificates of Insurance. Waldorf Risk Solutions suggests \$2,000,000 as a minimum amount of liability coverage on all contracts. A copy of the contract with the required Certificate should be submitted to the Finance Officer.

REVIEW PROCESS

The contracting body is responsible for the initial review of the proposed contract. The contract should be carefully reviewed to make certain that the terms and conditions are satisfactory. Any questions regarding the contract must be resolved prior to execution of the contract.

1. All terms and conditions should be reviewed to assure protection of the interests of the contracting body. Carefully review contract language that relates to responsibility in the event of a loss. Contract language must provide that the Contractor assume responsibility for any loss (bodily injury, death, and/or property damage) that occurs as a result of performance of the contract. The contract should not contain any agreement to indemnify the contractor. Such language would require the owner to protect and defend the contractor against any claim resulting from any loss.
2. The contract should never waive any right of future action against the Contractor for any loss arising out of the performance of the contract.
3. Prior to the commencement of any work the Contractor must provide evidence of insurance covering the risks and exposures associated with the performance of the contract. A copy of the Certificate of Insurance must be attached to the contract. Check the certificate for: expiration dates, amounts of coverage, and the statement "The Diocese of Crookston and the contracting location (such as St. Michael's Parish) are Additional Insured". The certificate of Insurance should also state that the insurance company will give at least thirty (30) days notice in the event of cancellation of insurance.
4. The amount of insurance required of the Contractor will vary depending on the type of contract and the risks and exposures to loss associated with the contract. Contact Waldorf Risk Solutions (631-418-0411) to determine the exact type and amounts of insurance coverage required.

LEASES AND RENTING

When entering into any lease or rental arrangement with a non-parish group for diocesan or parish facilities, a written agreement outlining responsibility for liability must be part of the rental or lease process. The leasing or renting party must assume all liability. The agreement should also specify:

1. Types and amounts of insurance required.
2. A phrase stating insurance will not be cancelled until after thirty (30) days written notice to the Landlord.
3. The Landlord and the Diocese of Crookston shall also be named as additional named insured on the tenants' policies. This should be completed prior to use of the facility.

Special event coverage may be purchased in lieu of the above three items for one-time events. See the special events section below for additional information.

The diocesan attorney must review all building lease or rental agreements. After following the review procedure outlined in this policy, send a copy of the Lease or Rental Agreement, complete with Certificate of Insurance to the Finance Officer. The parish and the diocese must both be named as additional name insured on the certificate.

When there is no fee charged for the use of the facility, or when insurance is not available and usage is not regular, a facility Usage and Indemnity Agreement will suffice instead of the Certificate of Insurance. A sample form is attached.

FACILITY USAGE AND INDEMNITY AGREEMENT

The Facility Usage/Indemnity Agreement must be used when non-parish sponsored or affiliated groups use parish facilities on a short-term basis such as one day or a week. The following groups are examples of non-parish sponsored or affiliated groups that should sign the Facility Usage/Indemnity Agreement:

1. Girl Scouts, Knights of Columbus, American Legion or other similar organizations that use parish facilities for meetings or fund-raisers.
2. AAU sport teams or non-parish sponsored sport classes/clinics.
3. Parishioner and non-parishioner families that rent or use parish facilities for wedding receptions, family reunions, anniversary parties or other similar activities. (In lieu of signing the Facility Usage/Indemnity Agreement, a parishioner or non-parishioner family would be eligible to purchase "special event" liability coverage through your parish via Waldorf Risk Solutions.) Please note that funeral luncheons are parish sponsored events.
4. Any other organization, municipality or county organization that uses parish facilities for a meeting or function that is non-parish sponsored.

The Facility Usage/Indemnity Agreement requires the facility user to provide the parish with a certificate of insurance documenting general liability coverage in the amount of \$500,000 per occurrence. This certificate of insurance must name your parish and the Diocese as an additional insured. It is not adequate to obtain a certificate of insurance that names the parish as a "certificate holder."

It is often asked what criteria an organization must meet to be parish sponsored or affiliated. In the event of an insurance claim involving a potential non-parish sponsored activity, the following questions would be asked to further determine if a group was parish sponsored and eligible for insurance coverage:

1. Did the parish have full control over the group or function?
2. Did any costs or fees associated with the function flow through parish accounts?
3. Was the function or group open to all parish members?
4. Was the purpose of the function or group to facilitate learning, raise revenue for the parish or provide a social service on behalf of the parish?
5. Was the teacher or leader of the group a parish volunteer or employee?

In general, a group which does not meet the definition of an affiliated organization or is unable to answer the above five questions in the affirmative would not be parish sponsored. Accordingly, that group must sign the Facility Usage and Indemnity Agreement and supply the parish with the necessary insurance documentation.

INSPECTIONS

In all cases, parishes, schools and other institutions are requested to regularly inspect premises, particularly preceding and following special events. Commonly inspected areas should include:

1. Parking lots and exterior stairs (shovel, salt and sand as necessary);
2. Exterior handrails to ensure they are secure;
3. Interior stairs and floors should be kept clear, dry and free of debris. Mop as necessary. Caution signs used as necessary;
4. Interior stairs and exit ways properly lit, exits clearly marked and emergency lighting in working order;
5. All tables and chairs inspected for treacherous or unsafe conditions;
6. Parish grounds are kept free of debris, depression, holes and unsafe equipment.

GUIDELINES IN THE EVENT OF A LOSS

1. Contact Waldorf Risk Solutions, Claims Department at 1-800-275-9762.
2. Make an accurate log, including date, times, names and addresses of all persons witnessing the event.
3. Do not throw items away prior to an inspection by the insurance adjuster. If items have been completely destroyed, make a complete and accurate inventory of said items.
4. If you are contacted by an insurance adjuster from another insurance company, notify Waldorf Risk Solutions as to when this adjuster is coming out to inspect the loss.

WHAT IS SPECIAL EVENT COVERAGE?

Special Event Coverage is a mechanism that allows the diocese to extend liability coverage to an individual/organization using parish facilities for a non-parish sponsored event. The coverage provides \$1,000,000 in liability coverage to a non-parish sponsored facility user (lessee).

WHEN SHOULD SPECIAL EVENT COVERAGE BE UTILIZED?

Special Event Coverage can be used when a parish or other church institution is allowing an individual/organization to use its facilities for a non-parish sponsored activity. When determining whether or not an activity is parish sponsored, the following questions are helpful.

1. Did the parish have full control or final decision-making authority over the function?
2. Did any fees associated with the function flow through parish accounts?
3. If applicable, was the function open to all parish members?
4. Was the purpose of the function to facilitate learning, raise funds for the parish or to provide a social service on behalf of the parish?
5. Was the organizer or leader of the function a parish employee or volunteer?

Generally, if the answer to any of the above questions is “no”, the activity is not parish sponsored meaning that the facility user needs to provide insurance which includes the diocese and the parish as additional insured.

When it is determined that an activity is non-parish sponsored, there are two options.

OPTION I

The attached Facility Usage/Indemnity Agreement can be completed by the organization using parish facilities. This agreement requires \$1,000,000 in liability coverage, which must name your parish and the diocese as an additional insured.

OPTION II

Special Event Coverage can be purchased which will cover the individual or organization holding the activity, the parish, and the diocese.

WHO IS ELIGIBLE FOR SPECIAL EVENT COVERAGE?

Special Event Coverage can be extended to individuals and/or organizations (either profit or non-profit). Many individuals need this coverage for events such as private wedding receptions or family reunions. Non-profit organizations such as a charity organization may need the coverage for a pancake breakfast. A for-profit organization such as a local business may need the coverage for an employee Christmas party held on parish facilities.

WHAT IS COVERED BY SPECIAL EVENT COVERAGE?

Below is a brief explanation of what is covered by Special Event Coverage along with some items that are excluded. Please note that the actual coverage form must be examined for an exhaustive explanation of what is covered and excluded.

- ☐ Special Event Coverage covers most non-parish sponsored activities. Common examples are wedding receptions, family reunions, awards banquets, and fundraisers.
- ☐ \$1,000,000 in liability coverage for bodily injury and property damage is provided for the special event user, parish, and diocese. Please note that the \$1,000,000 limit is shared by the covered parties and is a “per event” coverage.
- ☐ Liquor liability coverage is provided.
- ☐ Some types of events are not covered.
 - > Any event lasting longer than 72 hours
 - > Fireworks
 - > Events involving more than 1000 people
 - > Events where admission is charged unless all proceeds go to charity.
 - > Events involving amusement devices or trampolines
 - > Carnivals
 - > Any event organized or run by a professional promoter
 - > Sporting events including camps and tournaments
 - > Events involving pool or lake activities
 - > Events involving recreational vehicles

HOW DO I APPLY FOR SPECIAL EVENT COVERAGE?

The application for Special Events Coverage can be found at www.crookston.org/specialeventapplication

Any questions regarding the completion or processing of the application should be directed to K&K insurance at 800-553-8368 or diocese@kandkinsurance.com.

Sample Contract for Construction Projects **Not** Exceeding \$10,000.

AGREEMENT BETWEEN OWNER AND CONTRACTOR

_____, hereinafter referred to as Owner, agrees to pay _____, hereinafter referred to as Contractor, the sum of _____ dollars, for the following work:

Partial payment requests will be considered based on a maximum of 90% of materials on the job or in place and labor already accomplished.

The work shall be completed by _____, and the contractor shall complete Exhibit A, attached to this policy, and provide the following warranties or other documents prior to payment:

The contractor shall begin the work within seven (7) days of the date of this contract unless other provisions have been made. He/she shall carry the work forward expeditiously with adequate, qualified workers and shall achieve substantial completion within the contract time.

Neither the final certificate of payment, nor any provisions in the contract, nor partial or entire use of the project by the Owner shall constitute an acceptance thereof if not in accordance with the contract or relieve the Contractor of liability in respect to any express warranties or faulty workmanship/materials within a period of one year.

The contractor shall indemnify and hold harmless the owner, its agents, and employees from and against all claims, damages, losses, and expenses, including, but not limited to, attorneys' fees arising out of or resulting from the performance of the work, which is caused in whole or in part by the negligent act or omission of the contractor, any subcontractor, or anyone directly or indirectly employed by any of them, regardless of whether or not it is caused in part by the owner or by one of the owner's employees or agents. In case any action is brought therefore against the owner or any of its agents, employees, or subcontractors, the contractor shall assume full responsibility for the defense thereof; upon contractor's failure to do so on proper notice, the owner reserves the right to defend such action and to charge all costs thereof to the contractor. The carrying of the insurance required herein shall not relieve contractor of the duty of indemnity in the event that such insurance shall be inadequate, for any reason, to protect Owner in full.

The contractor shall at all times carry the following insurance coverage:

1. Worker's Compensation Insurance on all his/her employees; he/she will also require all Subcontractors to carry Worker's Compensation on all their employees as required by law. Contractor will indemnify the owner against any claims made by any employees, subcontractors, or anyone employed directly or indirectly by any of them. This indemnification is not limited to compensation paid under any Worker's Compensation Policy.
2. Public liability insurance, in an amount of not less than \$2,000,000 per occurrence and name the parish and Diocese of Crookston as additional insured. Such insurance shall include any and all Subcontractors and anyone directly or indirectly

employed by any of them, or by anyone for whose acts any of them may be liable. Said public liability insurance shall include claims for damages because of bodily injury, sickness or disease, or death of any person other than the contractor's employees, claims for damages insured by usual personal injury liability coverage which are sustained by any person as a result of an offense directly or indirectly related to the employment of such person by the Contractor or by any other person, and claims for damages, other than to the work itself, because of injury to or destruction of tangible property, including loss of use resulting there from.

3. Automobile liability insurance, covering any and all kinds of motor vehicles, in an amount of not less than \$1,000,000 per occurrence. Such insurance shall include any and all claims for damages because of bodily injury or death of any person or property damage arising out of the Ownership, maintenance, or use of a motor vehicle.

Each of the above listed policies will contain a requirement that, in the event of change or cancellation, thirty (30) days prior written notice will be sent by mail to the owner. In addition, each policy will contain a provision waiving any right of subrogation against the owner that might arise by reasons of any payment under the policies.

The contractor will present a list of all the subcontractors prior to beginning construction. At the conclusion of the job, the contractor will provide lien waivers from his/her company and from each of the subcontractors. If any subcontractor refuses to sign the lien waiver, then the contractor will provide any invoice from the subcontractor. This invoice must show that it is the total balance owed on the job and be signed by both the contractor and subcontractor. The owner will then issue a check payable jointly to the contractor and subcontractor and deduct the amount from the balance owed to the contractor.

The contractor shall be responsible for initiating, maintaining, planning and supervising all safety precautions and programs in connection with the work. The contractor shall secure and pay for all building permits and all other permits, governmental fees, licenses and inspections necessary for the proper completion of the work.

The contractor will not discriminate against any employee, applicant for employment, or subcontractor because of race, creed, color, sex, handicap, or national origin.

If the contractor is adjudged bankrupt, or if he/she makes a general assignment for the benefit of his/her creditors, or if a receiver is appointed on account of his/her insolvency, or if he/she persistently or repeatedly refuses or fails, except in cases for which extension of time is provided, to supply enough properly skilled workers or proper materials, or if he/she fails to make prompt payment to subcontractors or for materials or labor, or persistently disregards laws, ordinances, rules, regulations, or orders of any public authority having jurisdiction, or otherwise is guilty of a substantial violation of a provision of the contract documents, then the owner may, without prejudice to any right or remedy, and after giving the contractor and his/her surety, if any, seven days' written notice, terminate the employment of the contractor and take possession of the site and of all materials, equipment, tools, construction equipment, and machinery thereon owned by the contractor and may finish the work whatever method he/she may deem expedient. In

such case, the contractor shall not be entitled to receive any further payment until the work is completed.

If the unpaid balance of the contract sum exceeds the costs of finishing the work, including compensation for additional professional services made necessary thereby, such excess shall be paid to the contractor. If such costs exceed the unpaid balance, the contractor shall pay the difference to the owner.

MISCELLANEOUS PROVISIONS

Owner:

By _____

Dated _____

Contractor:

By _____

Dated _____

FACILITY USAGE AND INDEMNITY AGREEMENT

PARISH: _____

PARISH is understood to include the Diocese of Crookston

FACILITY USER: _____

DATES OF FACILITY USAGE: _____

TYPE OF FACILITY USAGE: _____

The above named FACILITY USER agrees to defend, protect, indemnify and hold harmless the above named PARISH against and from all claims arising from the negligence or fault of the above named FACILITY USER or any of its agents, family members, officers, volunteers, helpers, partners, organizational members or associates which arise out of the above identified FACILITY USAGE at the above named PARISH.

FACILITY USER agrees to provide a certificate of insurance to the PARISH, which provides evidence of general liability coverage of not less than five hundred thousand dollars (\$500,000) per occurrence. FACILITY USER also agrees to have the PARISH named as an "Additional Insured" on its general liability policy for the DATE(S) OF FACILITY USAGE in relationship to the TYPE OF FACILITY USAGE for claims which arise out of FACILITY USER'S operations or are brought against the PARISH by FACILITY USERS' employees, agents, partners, family members, students, customers, function attendees, guests, invitees, organizational members or associates. FACILITY USER also agrees to ensure that its liability insurance policy will be primary in the event of a covered claim or cause of action against PARISH.

If and only if FACILITY USER fails to comply with the above (second) paragraph, then the above named FACILITY USER agrees to protect, defend, hold harmless and fully indemnify the above named PARISH for any claim or cause of action whatsoever arising out of or related to the usage which takes place during the above identified DATE(S) OF FACILITY USAGE that is brought against the PARISH by the above named FACILITY USER or its employees, agents, partners, family members, students, customers, function attendees, guests, invitees, organizational members or associates, even if such claim arises from the alleged negligence of the PARISH, its employees or agents, or the negligence of any other individual or organization. If any sentence or paragraph of this agreement is held invalid, it is agreed that the balance thereof, shall continue in full legal force and effect.

SIGNED BY: _____

(Must be an official agent of FACILITY USER)

NAME (please print): _____

DATE: _____

DIOCESE OF CROOKSTON "EXHIBIT A" AGREEMENT BETWEEN OWNER & CONTRACTOR

ADDENDUM TO CONSTRUCTION CONTRACT

PUBLIC LIABILITY INSURANCE: While CONTRACTOR is performing operations at PARISH, CONTRACTOR shall maintain public liability insurance in the amount of not less than one million dollars (\$2,000,000.00) per occurrence and name PARISH as an additional insured on such policy of insurance. It is further agreed that the **CONTRACTOR** agrees to protect, defend, indemnify, and hold harmless the PARISH against and from any claim or cause of action arising out of or from any negligence or other actionable fault of the CONTRACTOR, or its employees, agents, members, or officers.

AUTOMOBILE LIABILITY INSURANCE: CONTRACTOR shall maintain automobile liability insurance for any owned autos, hired autos or non-owned autos used in connection with the CONTRACTOR'S business. Automobile liability coverage should be maintained by the CONTRACTOR in the minimum amounts of \$500,000 per person/\$1,000,000 per accident/\$500,000 property damage.

WORKER'S COMPENSATION INSURANCE: CONTRACTOR shall maintain worker's compensation insurance as required by law.

ADDITIONAL INSURED: CONTRACTOR agrees to provide a certificate of insurance to the PARISH which will name the PARISH as an additional insured on CONTRACTORS' liability policy for claims arising out of CONTRACTOR'S operations or made by CONTRACTOR'S employees, agents, guests, customers, invitees or subcontractors. CONTRACTOR must verify its liability insurance policy is primary in the event of a covered claim or cause of action against PARISH. If and only if CONTRACTOR fails to fulfill the insurance requirements contained in this addendum, then CONTRACTOR agrees to defend, hold harmless and indemnify the PARISH against and from any claim or cause of action arising out of CONTRACTORS' operations or any claim or cause of action which is brought against PARISH by CONTRACTOR, its employees, agents, guests, customers, invitees or subcontractors which is alleged against the PARISH, even if such claim or cause of action arose from the negligence of PARISH, its employees or volunteers or another party not named to this contract.

SUBCONTRACTORS: CONTRACTOR shall be required to verify that all subcontractors maintain public liability insurance, worker's compensation insurance and automobile liability insurance. Furthermore, CONTRACTOR agrees to indemnify and defend the PARISH for any claim or cause of action, whatsoever which was caused by the negligence, or other actionable fault of an uninsured subcontractor.

NO WAIVER OF SUBROGATION: PARISH does not waive any rights of recovery against the CONTRACTOR or subcontractor for damages that are covered by the PARISH'S property insurance coverage or builder's risk coverage. CONTRACTOR and PARISH agree that this addendum overrides any and all portions of previous agreements between CONTRACTOR and PARISH that contain language in contradiction with this contract.

SEVERABILITY PROVISION: If any paragraph or sentence of this Addendum to Contract is deemed or is determined to be in conflict with local or state or national statutes, both CONTRACTOR and PARISH agree that; the portion of the Addendum to Contract which is in conflict with the statute will be stricken from the Addendum to Contract with the remainder of the Addendum to Contract remaining binding for both parties

CONTRACTOR:

PARISH:

(PARISH is understood to include the Diocese of Crookston)

BY:

BY:

NAME

NAME

DATE

DATE

START DATE OF CONTRACT (Understood to be date signed if left blank): _____

Instruction to Parish (Parish Use Only): This Addendum to Contract stands on its own as a legal contract between PARISH and CONTRACTOR should this addendum not be incorporated or attached to a contract.