

**EXHIBIT B
INSURANCE**

1. In General. Audit firm shall maintain insurance against claims for injury to persons or damage to property, arising from performance of or in connection with this Contract by the Audit firm, its agents, representatives, employees or audit firms.
2. Requirement to Procure and Maintain. Each insurance policy required by this Contract shall be in effect at, or before, commencement of work under this Contract and shall remain in effect until all Audit firm's obligations under this Contract have been met, including any warranty periods. The Audit firm's failure to maintain the insurance policies as required by this Contract or to provide timely evidence of renewal will be considered a material breach of this Contract.
3. Minimum Scope and Limits of Insurance. The following insurance requirements are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The City does not represent or warrant that the minimum limits set forth in this Contract are sufficient to protect the Audit firm from liabilities that might arise out of this Contract, and Audit firm is free to purchase such additional insurance as Audit firm may determine is necessary.

Audit firm shall provide coverage at least as broad and with limits not less than those stated below.

a. Commercial General Liability - Occurrence Form

General Aggregate	\$2,000,000
Products/Completed Operations	\$2,000,000
Each Occurrence	\$1,000,000
Umbrella Coverage	\$2,000,000

b. Automobile Liability –

Any Automobile or Owned, Rented and Non-owned Vehicles
Combined Single Limit per Accident
for Bodily Injury & Property Damage \$1,000,000

c. Workers' Compensation and Employer's Liability

Workers' Compensation	Statutory
Employer's Liability: Each Accident	\$500,000
Disease - Each Employee	\$500,000
Disease - Policy Limit	\$500,000
Professional Liability	\$2,000,000

4. Self-Insured Retention. Any self-insured retentions must be declared to and approved by the City. If not approved, the City may require that the insurer reduce or eliminate such self-insured retentions with respect to the City, its officers, agents, employees, and volunteers. Audit firm shall be solely responsible for any self-insured retention amounts. City at its option may require Audit firm to secure payment of such self insured retention by a surety bond or irrevocable and unconditional letter of credit.

5. Other Insurance Requirements. The policies shall contain, or be endorsed to contain, the following provisions:

- a. Additional Insured. In Commercial General Liability and Automobile Liability Coverages, the City of San Luis, its officers, officials, agents and employees shall be named and endorsed as additional insureds with respect to liability arising out of this Contract and activities performed by or on behalf of the Audit firm, including products and completed operations of the Audit firm, and automobiles owned, leased, rented or borrowed by the Audit firm.
- b. Broad Form. The Audit firm's insurance shall contain broad form contractual liability coverage.
- c. Primary Insurance. The Audit firm's insurance coverage shall be primary insurance with respect to the City, its officers, officials, agents, employees and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, agents and employees, shall be in excess of the coverage of the Audit firm's insurance and shall not contribute to it.
- d. Each Insured. The Audit firm's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e. Not Limited. Coverage provided by the Audit firm shall not be limited to the liability assumed under the indemnification provisions of this Contract.
- f. Waiver of Subrogation. The policies shall contain a waiver of subrogation against the City, its officers, officials, agents and employees for losses arising from work performed by Audit firm for the City.

6. Notice of Cancellation. Each insurance policy required by the insurance provisions of this Contract shall provide the required coverage and shall not be suspended, voided, cancelled, reduced in coverage or in limits unless prior written notice has been given to the City. Notices required by this section shall be sent directly to the contact person listed in the original Solicitation and shall reference the Contract Number:

Attention: City Clerk
Professional Auditing Services Contract
City of San Luis, Office of the City Clerk
1090 E. Union Street
San Luis, AZ 85349

7. Acceptability of Insurers. Audit firm shall place insurance hereunder with insurers duly licensed or approved unlicensed companies in the State of Arizona and with a "Best's" rating of not less than A: VII. The City does not represent or warrant that the above required minimum insurer rating is sufficient to protect the Audit firm from potential insurer insolvency.

8. Certificates of Insurance. The Audit firm shall furnish the City with certificates of insurance (ACORD form) as required by this Contract. The certificates for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. Any policy endorsements that restrict or limit coverage shall be clearly noted on the certificate of insurance. The City project/contract number and project description shall be noted on the certificates of insurance. The City must receive and approve all certificates of insurance and endorsements before the Audit firm commences work.

9. Policies. The City reserves the right to require, and receive within ten (10) days, complete, certified copies of all insurance policies and endorsements required by this Contract at any time. The City shall not be obligated, however, to review any insurance policies or to advise Audit firm of any deficiencies in such policies and endorsements. The City's receipt of Audit firm's policies or endorsements shall not relieve Audit firm from, or be deemed a waiver of, the City's right to insist on strict fulfillment of Audit firm's obligations under this Contract.

10. Modifications. Any modification or variation from the insurance requirements in this Contract must have the prior approval of the City's Attorney's Office in consultation with the City's Risk Management, whose decision shall be final. Such action will not require a formal Contract amendment but may be made by their handwritten revision and notation to the foregoing insurance requirements.