

**MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND**

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**BULLETIN MEL 24-10**

**Date:** January 1, 2024

**To:** Fund Commissioners of Member Joint Insurance Funds

**From:** Underwriting Manager  
Conner Strong & Buckelew

**Re:** Shared Services Insurance Guidelines

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There are many different types of shared service arrangements that may require specific insurance needs and it is not feasible to address all situations with one set of guidelines; however, since there is a growing need in the state for shared services, the MEL felt it was necessary to provide at least a general set of insurance guidelines for its member entities to reference when entering into contracts for shared service arrangements.

A copy of the MEL shared services arrangement insurance guidelines are below. The guidelines address the areas of: (1) understanding the relationship between the contracting parties; (2) what lines of insurance need to be addressed in the insurance provision; and (3) the type of hold harmless/indemnification provision needed when entering shared arrangements with other JIF member entities versus non-JIF entities.

It is important to remember although these arrangements are called “shared services” they are true contractual relationships where losses can occur and have occurred. As such, it is important to treat the liability, indemnification and insurance provisions in a proper manner.

A unique circumstance surrounds Special Law Enforcement Officer (SLEO) agreements, commonly between towns and schools. In these arrangements, the services SLEOs provide to schools must follow the legal guidelines for SLEOs, which in turn places the liability on the town. As such, the typical shared service agreements may not apply.

If you have any questions, please contact your Risk Management Consultant, JIF Executive Director or the Underwriting Manager.

**This bulletin is for information purposes only. It is not intended to be all-inclusive but merely an overview. It does not alter, amend or change your coverage. Please refer to specific policies for limits, terms, conditions and exclusions.**

cc: Fund Executive Directors  
Fund Professionals  
Risk Management Consultants

## SHARED SERVICES AGREEMENTS INSURANCE GUIDELINES

### Parties to the Agreement:

- Identify the parties to the Agreement.
- Understanding each party's role and their interest in the shared services arrangement.
- Determine if all parties to the contract are members of a MEL member Joint Insurance Fund. If not, please consult with your Risk Management Consultant for guidance on type and amounts of insurance coverage.

### Insurance Provision:

- The agreement should contain insurance and indemnification provisions so all parties of the agreement know what their responsibility is to be properly insured so all parties are protected for their actions.
- The following lines of insurance need to be addressed in the agreement, where applicable, and at the suggested minimum limits of liability:

When a member is receiving services, consider requiring the provider to carry:

1. **Workers Compensation** – Statutory Workers' Compensation and \$5,000,000 for Employers Liability.
2. **General Liability/Law Enforcement** – \$5,000,000 per occurrence for bodily injury, property damage, advertising injury and personal injury, and \$5,000,000 annual aggregate. The policy shall name receiver as an additional insured and also include full severability of interests/separation of insureds.
3. **Automobile Liability** – \$5,000,000 each accident for any vehicles used in the execution of the agreement.
4. **Professional Liability** (*where appropriate*) – \$5,000,000 per occurrence and in the aggregate applicable to the services provided in the agreement. No exclusion for Privacy Liability-related exposures.
5. **Crime** – \$1,000,000 for employee theft including coverage for Client Property away from insured premises.
6. **POL/EPL** – Any requirement for this coverage in a shared services agreement will need to be referred to your Executive Director and Underwriting Manager for review with the Insurance Company.

## **SHARED SERVICES AGREEMENTS INSURANCE GUIDELINES (cont'd)**

When you are the provider, depending on the type of services, the professional liability coverage provided within the MEL program may not be applicable. As such, we suggest you contact your Risk Manager or Executive Director to discuss coverage options.

For reference, the Professional Liability coverage provided in the Casualty policy only provides coverage for bodily injury, property damage, advertising injury and personal injury arising from: 1) full-time engineers and surveyors employed by the member; 2) nurses EMTs, paramedics, fire companies, first aid squads, rescue squads, or emergency response teams acting on behalf of the member; and 3) volunteers of the member's fire companies, first aid squads, rescue squads and emergency response teams. Not covered is financial injury sustained by the other entity for any services, in addition to other services not listed, such as Information Technology-related services.

These are general guidelines and may need to be reevaluated on a case-by-case basis. All shared service agreements including applicable lines of insurance and limits of liability should be discussed in advance with your Risk Management Consultant.

### **Indemnification/Hold Harmless Provision (MEL JIF Member Entity sharing service with Non-JIF member Entity):**

The agreement should include an indemnification/hold harmless provision where the "receiving" party indemnifies the "provider" of the service. This applies to general liability and law enforcement liability only. Please consult with your municipal Attorney and Risk Management Consultant for guidance.

### **Indemnification/Hold Harmless Provision (MEL JIF Member Entity sharing service with another JIF member Entity):**

The agreement should include an indemnification/hold harmless provision calling for a mutual indemnification between to the two MEL JIF member entities in the shared service arrangement. Please consult with your municipal Attorney and Risk Management Consultant for guidance.

### **Execution:**

Be sure that the agreement is signed and dated by individuals authorized to do so by and on behalf of the respective parties.