

January 17, 2008

To Whom It May Concern

Re: Kalamazoo County Road Commission's insurance requirement policy

This is to clarify and explain the rationale behind this Road Commission's requirement that any contractor working within the public road right-of-way is required to obtain a permit to travel upon the roads under the jurisdiction and control of this Road Commission. The contractor must submit proof of insurance in the amount of not less than \$1,000,000 liability insurance—the minimum requirement with regard to liability limits. This is not meant to suggest that the prudent operator working in the public road right-of-way should not have limits well in excess of this amount. A continuing review of liability actions brought as a result of activities within the public road right-of-way indicates that judgments and settlements more and more frequently exceed the \$1,000,000 amount.

The goal of the commission's insurance policy is to assure that any action brought as a result of your activities in the public road right-of-way will be defended by and paid for by your insurance carrier and will not result in action or settlement against this Road Commission. The amount of \$1,000,000 in insurance lends reasonable assurance that your limit of coverage will be adequate to satisfy any judgment that might be brought against the Road Commission. However, this amount is subject to change as the commission's estimate of the exposure to risk and resultant claim amounts may change.

This insurance policy is to assure that the Road Commission is not faced with the cost of defense in any case brought about as a result of you doing work within the right-of-way of roads under the commission's control and jurisdiction. As a named additional insured, your insurance carrier must provide a defense and pay for any judgments that may be brought against the Road Commission as a result of your activities.

EXACT WORDING REQUIRED ON CERTIFICATE OF INSURANCE:

Additional insured with regard to liability coverage: The Kalamazoo County Road Commission, its agents, officers, board members, and employees located at 3801 E. Kilgore Road, Kalamazoo, MI 49001.

This letter is not intended as a definitive legal interpretation of statutory or case law relating to these matters but is intended to generalize the reasons for our policy. Your legal counsel can provide you with definitive legal answers to any specific questions you may have.

Joanna I. Johnson
Managing Director