

Captiva Erosion Prevention District

Board Review: Certificate of Insurance (COI) Policy and Vendor File Compliance

****Date:**** November 2025

****Prepared for:**** CEPD Board of Commissioners

****Subject:**** Certificate of Insurance Requirements and Additional Insured Policy with Compliance Ramifications

Background

A recent internal review of vendor files revealed that no Certificates of Insurance (COIs) had been collected for any vendors, including lobbyist firms, accounting firms, and other professional service providers who do not perform onsite work. Although these vendors may not operate physically on CEPD property, they still provide professional services that can create exposure through errors, omissions, or contractual negligence.

The absence of Certificates of Insurance (COIs) from vendor files exposes the District to significant operational and financial risks, including:

- **Liability Exposure:** Without COIs, CEPD cannot confirm that vendors carry active insurance policies, which may leave the District financially responsible for accidents, damages, or claims arising from vendor activities.
- **Contractual Noncompliance:** Missing COIs may constitute a breach of contract terms or grant conditions (e.g., FDEP, FEMA), potentially jeopardizing reimbursement eligibility or project funding.
- **Audit Findings:** Auditors and oversight agencies can cite the absence of COIs as an internal control deficiency or risk management failure, requiring corrective action.
- **Public Entity Risk:** Failure to maintain proof of insurance undermines CEPD's duty to protect public resources, potentially exposing the District to reputational harm and increased insurance premiums.

In line with best practices for Florida local government agencies, CEPD will maintain COIs for all contracted vendors to verify adequate insurance coverage and to protect the District's financial and legal interests.

Policy Statement

CEPD shall require Certificates of Insurance (COIs) from all vendors, including those who do not perform onsite work, to ensure proper risk management and compliance with District policy.

1. **Required COIs:**

- Professional Services: Accounting, lobbying, legal, auditing, engineering, and consulting firms.
- Contracted or Onsite Services: Any vendor performing physical work, maintenance, installation, construction, or related activities on CEPD-managed property.
- Other Vendors: Any entity receiving payment under a District-approved contract or agreement.

2. **Coverage Types:**

- General Liability Insurance
- Professional Liability (Errors & Omissions) — for professional and consulting services
- Workers' Compensation — where the vendor employs staff

3. **Additional Insured Requirement:**

- Vendors performing onsite or physical work shall list "Captiva Erosion Prevention District, its Commissioners, officers, employees, and agents" as additional insureds on their General Liability policy.
- Professional service providers (e.g., accountants, lobbyists, attorneys) shall list CEPD as Certificate Holder and maintain professional liability coverage. If a general liability policy exists, CEPD should be added as an additional insured when available.
- Governmental entities, universities, and agencies are exempt, as they cannot alter coverage under sovereign immunity.

4. **Waivers:**

A COI may be waived only when the vendor:

- Is a governmental entity (e.g., Lee County, State of Florida, or Federal agency); or
- Provides no services, limited strictly to product purchases or reimbursements.

All waivers must include a "COI Waiver Justification" note in the vendor file, approved by management.

Compliance Action Plan

- Conduct a full review of all vendor files to verify current COIs.
- Request and retain missing COIs from each vendor.
- Ensure all vendor files include:
 1. Certificate of Insurance
 2. W-9 Form
 3. Signed Contract or Agreement
- Document any approved waivers and maintain consistency across files.

- Incorporate this policy into CEPD's Policies & Procedures Manual and apply during all future vendor onboarding and contract renewals.

Board Review

The Board of Commissioners is asked to review and acknowledge this policy update confirming that:

“All CEPD vendors must provide a current Certificate of Insurance. Vendors performing onsite or physical work must list CEPD as an additional insured. Professional service providers must list CEPD as Certificate Holder and maintain appropriate coverage.”

The lack of COI documentation represents a material compliance gap that must be corrected to ensure the District's protection from liability, contract breaches, and audit findings. This corrective action ensures all vendor relationships are properly insured and that CEPD's risk management standards are upheld.

This policy strengthens CEPD's internal controls, contractual consistency, and risk-management posture in compliance with local government standards.