



Date: January 29, 2014

To: All Interested Parties

From: Richel Perretti, Contract Manager

Re: International Student Group Travel Contract and Insurance Requirements

I am writing to communicate some changes regarding contract and insurance requirements for tour companies used for Penn State sponsored international student group travel. The changes outlined below will apply for trips taking place starting on **September 1, 2014** and thereafter.

- First of all, when a faculty or staff member wants to use a tour operator to address some or all of their international tour needs there must be a contract in place with the tour operator that is signed by both the tour operator and an authorized University signatory. Using only an invoice from the tour operator is not sufficient, due to liability concerns.
- The University does not have a template contract for use by tour operators, but instead should use the tour operator's agreement along with the attached standard University addendum which addresses liability and includes the University's insurance requirements.
- For trips consisting of 5 or more students, the following insurance requirements will apply:
 - The tour operator shall maintain the following insurance coverage and supply a Certificate of Insurance to the University evidencing the following coverage or acceptable equivalent:
 - a) Commercial General Liability insurance, with limits not less than US\$10,000,000 per occurrence, written on an occurrence basis. The Pennsylvania State University will be an Additional Insured in such policy.
 - b) Automobile Liability Insurance with limits not less than US\$1,000,000.
 - c) If the company has personnel in the United States, Statutory Workers' Compensation in accordance with governing law within the U.S. (or qualify as a self-insurer), and \$500,000 per accident of Employers' Liability insurance.
- Insurance requirement exceptions:
 - For trips involving less than 5 students the requirement for Commercial General Liability shall be reduced from US\$10,000,000 per occurrence to US\$2,000,000 per occurrence.
 - The Risk Management Office is willing to review the types and amounts of insurance a tour operator has, if they are not able to meet the University's insurance requirements with their current coverage. The Risk Management Office will consider the risks involved in the proposed trip as well as the ability of the tour operator to secure equivalent insurance in the country in which it is located.



- If the tour operator does not own any commercial vehicles used by their company then a written email from the tour operator confirming this can be submitted to Risk Management for an exemption from the automobile liability insurance requirement.
- If the tour operator is exempt from carrying Workers' Compensations coverage then the tour operator can complete and sign the Risk Management Request Form for Waiver of Workers' Compensation Insurance Requirement available at the following link:
<http://www.controller.psu.edu/Divisions/RiskManagement/docs/wcwaiver.pdf>
- If the tour operator does not have any U.S. employees then the Workers' Compensation and Employer's liability insurance requirement does not apply.
- General Exceptions:
 - These requirements are only for student group travel that is sponsored by the University and does not apply for travel by University employees without students.
 - If the agreement with a tour operator is only for commercial airfare then the insurance requirement listed above will not apply to that agreement with the tour operator, but a written agreement must still be processed for an authorized University signature through Risk Management, or through Purchasing if using a Purchase Order. In the event that an entire plane is being chartered for a trip this will involve additional aviation insurance requirements and the Risk Management Office should be contacted immediately.

The intent of these changes is to provide the University better protection when engaging a tour operator. Please share this information as appropriate and thank you for your cooperation. If you have any questions feel free to contact Richel Perretti at 814-863-5538 or rap126@psu.edu.

THE PENNSYLVANIA STATE UNIVERSITY
ADDENDUM

The following additional terms and conditions shall apply to the attached AGREEMENT between The Pennsylvania State University ("University") and (Insert Tour Company Name) ("Company").

1. **Independent Contractor Status-** The Company's relation to the University during the term of this AGREEMENT shall be that of independent contractor.
2. **Insurance-** Company shall maintain the following insurance coverages and supply a Certificate of Insurance to the University evidencing the following coverages or acceptable equivalent:
 - a) **Commercial General Liability insurance,** with limits not less than \$10,000,000 per occurrence, written on an occurrence basis. The Pennsylvania State University must be an Additional Insured in such policy.
 - b) **Automobile Liability Insurance** with limits not less than \$1,000,000.
 - c) **Statutory Workers' Compensation** in accordance with governing law within the U.S. (or qualify as a self-insurer), and \$500,000 per accident of Employers' Liability insurance.

The certificate holder shall be: The Pennsylvania State University
c/o Risk Management Office
103 Rider Building
227 West Beaver Avenue
State College, PA 16801

The Company must give University at least thirty (30) days' notice of cancellation.

3. **Indemnification-** Each party to this AGREEMENT will indemnify and hold harmless the other party from any and all liability, losses, costs, expenses, property damage, bodily injury or personal injury arising from the negligence, acts or omissions of its employees, agents or representatives as a result of their performance of this agreement.

Comment [t1]: If there are less than 5 students on the trip then the requirement can be lowered to \$2,000,000. The PSU Risk Management Office is willing to review the insurance limits for companies that have less than the required amount and will determine on a case by case basis if the evidenced levels of insurance are sufficient for the scope of the trip and services being provided.

Comment [t2]: If the company does not own any commercial vehicles and provides written confirmation of this to PSU, then this requirement can be eliminated.

Comment [t3]: If company is exempt from carrying Workers' Compensation coverage then company must complete and sign the Risk Management Request Form for Waiver of Workers' Compensation Insurance Requirement available at the following link:
<http://www.controller.psu.edu/Divisions/RiskManagement/docs/wcwaiver.pdf>. If company does not have any U.S. employees then this requirement does not apply.