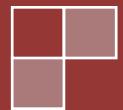
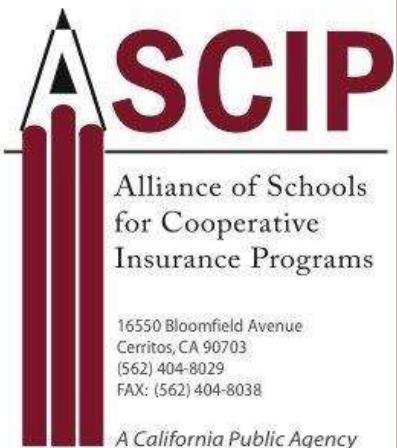


# GUIDELINES AND RECOMMENDATIONS FOR INSURANCE REQUIREMENTS

## BEST PRACTICES FOR INSURANCE COVERAGE AND LIMITS AND INDEMNIFICATION LANGUAGE



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# EXECUTIVE SUMMARY

The Alliance of Schools for Cooperative Insurance Programs (ASCP) Joint Powers Authority is pleased to provide these updated Guidelines and Recommendations for Insurance Requirements to ASCP Members.

The purpose of this manual is to serve as a guide for understanding, assessing, and developing proper insurance requirements in contracts and other risk transfer documents. It details how to establish insurance types and limits with third parties (i.e. contractors, tenants, vendors, and users of district property), and how to monitor compliance with those requirements during the term of the contract.

We believe that you will find this information to be an excellent tool to assist you in your contractual relationships with third parties in addition to allowing use of district facilities and grounds by outside individuals or civic groups.

While this document will provide guidance in the majority of situations you will encounter, there could be exceptions to the rules contained herein. In such event, ASCP staff is available to provide support.

We look forward to the opportunity of continuing to work with you to meet your district's risk management needs. Please contact ASCP staff if we can assist you further or should you have any questions regarding the information provided.

Sincerely,



Russell O'Donnell  
Chief Operating Officer

## FOREWORD

Risk Management is more of an art than a science. Therefore, this manual will provide guidance in 90% of the cases encountered by the user; however, there will also be exceptions to the rules contained herein. If the user encounters situations that fall outside of the manual's recommendations, the user should contact ASCIP for guidance.

1. Non-insurance sections of the contract are also very important to the risk management process. If the contractor's insurance does not cover all of their indemnity exposures, it may be necessary for them to resolve.
2. There should always be a section in the contract that states that the lack of insurance does not negate the contractor's obligations under the contract.
3. Always remember that insurance is only one way that the contractor can indemnify your entity. Make sure your indemnity language is strong, and if the contractor does not carry sufficient or proper insurance to cover their obligations to your entity, then make certain they do have the assets to indemnify those uninsured or underinsured areas.

Finally, we have included a section containing the most commonly asked questions from manual users over the years. We have included this section as a resource for the user and to encourage the user to contact their ASCIP Risk Services Consultant when they encounter a unique situation.

## FREQUENTLY ASKED QUESTIONS

The following questions represent those most often asked by members. If you have questions that are not answered by this section, please do not hesitate to contact ASCIP. As you will see by reviewing the following section, we all learn through the process of thoughtfully examining the risk management process.

### **1. If a lessee or contractor is large, then do I still need to insist on the Insurance Requirements?**

**Yes;** it is important to verify the available assets for losses that might occur. By mandating compliance with the insurance requirements, including the insurance carrier's Best's rating, you should achieve confidence in the availability of assets to cover a loss.

### **2. Is it all right if the contractor alters the Indemnification language?**

**No;** the Indemnification language has been carefully worded to afford your District as much protection as legally possible, and thus, altering the language could weaken your District's protection.

### **3. Can we require a Best Rating for a company that is "Admitted" in California, or is this against the law?**

**Yes;** and of note is that there is a special legal requirement that public entities, both state and local, may not impose a bond standard greater than being "California admitted." If it is a federally approved Surety, you are obligated to accept that Surety. Remember, just because an insurance company is "Admitted" does not assure you that they have the assets required by your contract.

### **4. If the contractor's insurance does not meet the criteria in the Insurance Requirements Manual specifications, should we alter the requirements to fit the contractor's insurance?**

**No;** the insurance requirements language has been carefully worded to afford your District as much protection as legally possible, and thus, altering the language could weaken your District's protection. It is not the responsibility of your District to tailor your requirements to fit; rather, you are doing the contractor a favor in showing them the proper coverage needed by them in order to protect their business.

### **5. Does the "edition date" on the suggested ISO endorsements matter?**

**Yes;** there have been significant reductions in the coverage afforded to additional insured's by "updated" versions of these endorsements.

### **6. If the agent or broker changes the word "endeavor" to "will provide" in the Notification section of the Certificate of Insurance, are we OK?**

**No;** always remember that Certificates of Insurance DO NOT alter the insurance coverage, and any changes that are necessary need to be endorsed onto the policy with a copy of the endorsement provided to your District. Agents and brokers will sometimes try to convince you that endorsements are unnecessary when the Certificate has its wording changed; if so, you need to point out the box in the upper right hand corner of the Certificate, which states that it DOES NOT amend or alter the insurance. To ensure that the burden is on the insurance company to notify you of a change in status of coverage, you must receive an endorsement to this effect. Being named as an "additional insured" obligates the insurer to inform you of any status change in the policy.

## **7. Are lower limits permitted when dealing with small contractors or artisans for small jobs?**

**Yes;** there are some very small vendors or artisans that may provide a service to your District and the cost of obtaining standard limits may not be possible. You should always evaluate the potential of loss, potential benefit to the organization for the service provided, and finally, the vendor's financial capacity to purchase coverage at reasonable rates. The dollar amount of an agreement should never be the sole determining factor of the insurance limits. Whether dealing with small firms or very large firms seeking modifications of insurance requirements, remember that all such requests must be dealt with before contracts are executed and that all such approved requests must apply to all analogous firms on a going forward basis (or your District could be accused of economic discrimination).

## **8. If the contractor's agent says that we cannot get the endorsements as required by the Insurance Requirements Manual specifications, then what can we do?**

In many instances, if not all, the agent or broker has not even approached the insurance company with your request - they are merely trying to discourage you from asking. We recommend contacting the broker or agent directly. By informing them of the needs and requirements of your organization, they will typically provide you with the necessary endorsements required by your agency. If this tactic does not work, please call ASCIP for confirmation of the unavailability of endorsements from the contractor's company. Remember that agents or brokers typically have access to limited markets. Their pleas about unavailability of specific coverage options or endorsements could be a function of their firm's limitations rather than those of the insurance industry. Alternatively, such pronouncements can be ploys to attempt to save their clients from having to shell out additional premium (since many questioned endorsements also tend to cost additional dollars).

## **9. How do we determine the proper limits of liability for any given job?**

Ask yourself how much damage the contractor could cause from an error in their work. Include in your estimate lost time, wages, extra expense incurred for repairing or replacing the work, and any future impacts. If this amount is more than the suggested amounts shown in the specifications in this manual, use the greater amount. You should also consider losses or harm that may arise from third party claims. The cost/value of the job should not be the sole determining factor in assessing proper limits; e.g. a \$500 job could generate a \$2,000,000 claim.

## **10. Can we accept an insurer with less than an A.M. Best Rating A- VII or Standard & Poor's BBB?**

**Yes;** but keep in mind that the rating gives your District some confidence in that insurer's ability to cover all of its claim liabilities, including your potential claim. By accepting lower ratings, you are exposing your District to the possibility that the insurer will be unable to pay any claim you or a third party may present. As an aside, major insurance brokers and agents also insist on placing clients in companies with high Best's and Standard & Poor's Ratings, as a way of protecting themselves against potential E&O claims from their clients. A good rule of thumb is to try to limit acceptance of lesser ratings to admitted insurers. With admitted insurers, your District can also potentially benefit from the existence of state guarantee funds (CIGA) in the event of insurer default.

## **11. How do we discover the rating of an insurer?**

A.M. Best's ratings can be accessed over the Internet for no cost at [www.ambest.com](http://www.ambest.com). You can subscribe to the A.M. Best service, but unless you have a regular need to consult the ratings, it is fairly expensive.

The Standard & Poor's website requires registering, but it is free of charge. Go to [www.standardandpoors.com](http://www.standardandpoors.com) and look for a "Find a Rating" link in the margin or header.

## **12. What do the Standard & Poor's or Best's Ratings mean?**

Simply, the Standard & Poor's or Best's Ratings paints a picture in time of the financial strength of the insurance company that is guaranteeing the contractor's ability to reimburse and/or protect your District in case of a loss where they are at fault.

## **13. Does a contractor need Professional Liability coverage?**

**Yes;** if the contractor is expected to provide your District with a "professional service". The simplest way to decide is to determine whether the nature of the services provided entail mental or physical work. If it is only physical work, then a standard liability policy (general and/or automobile) will most likely cover all your exposures to loss. However, if the work or a portion of the work is expected to involve primarily thinking, Professional Liability insurance is required. As an example, if a contractor is merely following blueprints in constructing a building, then it would involve only physical work; therefore, a general liability policy will suffice. However, if that contractor decides that they know a better way to construct part of the building and they alter the blueprints, then they have crossed the line into mental work and would need Professional Liability coverage to cover a subsequent loss due to that change in the blueprints. Generally, if the provision of services requires a license from the Department of Consumer Affairs (for anything other than contractors, auto repairers, or barbers), professional liability insurance is required. For services not requiring such a license (for example, a computer programmer), errors and omissions liability insurance serves an analogous function.

## **14. How long of a period of time do we require the claims-made Professional Liability policy to be carried after completion of the project?**

For as long as possible. Remember that "claims-made" coverage will only respond to a claim that is presented while the policy is in force. Therefore, it is imperative that your District be protected as long as possible after the completion of the project, so that any claims caused by faulty design or other professional services can be covered by the responsible party. Keep in mind that your regular general liability policy may not cover professional liability losses; therefore, your District may not be covered in the event of a claim arising out of professional services rendered on the project.

Normally, professional policies can be purchased with a three (3) year "tail," which will allow claims to be presented up to three (3) years after the professional liability policy expires. If you can obtain an extension beyond three (3) years in your contract, then do so.

## **15. Does a contractor need proof of Automobile Liability when they are hired to work on the premises?**

**Yes;** for the very simple reason that the contractor has to use some means of transportation to reach your premises, and to transport tools, supplies, and materials. If the contractor is determined to be engaged in business on your District's behalf and is involved in an automobile accident, then your District may be held legally liable. In that case, the contractor's automobile insurance would respond if your District has been properly named as an additional insured.

## **16. Should we ask to be named as an additional insured on the contractor's Professional Liability policy?**

**No;** the contractor's professional liability insurer would not do so, nor would any professional liability carrier. The reason is that the insurer would not want to pick up your District's professional liability exposures (which could happen if you were an additional insured). Professional liability policies are

written to specifically cover individuals based on their professional history.

## **17. What can be done if we don't have the proof of insurance when it is time to start the work?**

If practical, do not let the work proceed unless it is to address an emergency (such as a broken water pipe). Otherwise, there is very little that can be done at this point in the process, and that is why we recommend that the insurance specifications contained in this manual be sent out with the pre-bid package, and language be inserted into the contract requiring the submission of all insurance documents prior to the commencement of work. There are no good choices when this situation occurs; either you must delay the work while you wait for the proof (which can increase project costs and cause rifts with the construction team), or you must, in effect, "self-insure" the contractor until the proof is received and accepted, and hope that the contractor's insurance meets your specifications.

## **18. Why can't we accept a Certificate of Insurance as proof of the District being named as an additional insured?**

It is really rather simple; in the upper right-hand corner of the ACORD Certificate of Insurance (see Appendix for sample) are the following words:

*This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend, or alter the coverage afforded by the policies below.*

If any agent or broker tries to convince you that the certificate truly does confer rights or coverages and that you do not need the endorsements you are requesting (and some will), then you can refer them to this language on the Certificate of Insurance.

## **19. Why do we need an indemnity clause when we are added as an additional insured on the liability policy?**

Insurance provides secure funding for the indemnification that is promised your District as part of its contract with the other party. By having an indemnity provision in your contract, this other party is obligated to indemnify your District regardless of whether the other party has insurance or its insurance covers the loss or not. An indemnity provision should encourage the other party to perform its work in a manner that will reduce the likelihood of a potential loss. So, make sure your indemnity language is strong. If the other party does not carry sufficient or proper insurance to cover its obligations to your District, then the District should verify that the other party has assets to indemnify those uninsured or underinsured exposures.

## **20. Should we ask for a Waiver of Subrogation from the contractor's insurer?**

**Yes.** Without a waiver of subrogation, the contractor's insurance company can turn to your District to reimburse any claims costs incurred defending or indemnifying their insured/contractor on your project. To avoid this from happening, the District should obtain a Waiver of Subrogation from the contractor. This is mandatory for workers' compensation coverage and preferable for liability coverages.

In the case of liability insurers, current case law holds that it is against public policy to allow an insurer to subrogate against its own insured, supposedly even an "additional insured."<sup>[1]</sup> Therefore, if the contractor's policy has been endorsed naming your District as an additional insured, then the

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<sup>[1]</sup> See *Wager v. Providence Ins. Co.*, 150 U.S. 99 (1893); *The John Russell*, 68 F.2d 901 (2nd Cir. 1934); *Sherwood Trucking, Inc. v. Carolina Cas. Ins. Co.*, 552 F.2d 568 (4th Cir. 1977); *Peavey Co. v. M/V ANPA*, 971 F.2d 1168 (5th Cir. 1992) (insured or additional assured); *Prestige Cas. Co. v. Michigan Mut. Ins. Co.*, 99 F.3d 1340 (6th Cir. 1996).

waiver may be unnecessary. In an abundance of caution, though, obtaining the waiver on liability coverages is recommended in order to avoid testing the status of "named insured" versus "additional insured".

Note: A contractor/vendor may present a "blanket waiver of subrogation." Typically, these "blanket waivers" contain language stating that the waiver is effective as respects "any person or organization for whom the named insured has agreed by written contract to furnish this waiver." Blanket waivers, unlike individual endorsements, will not state the specific name of your School/District; however, this is acceptable as long as the language in the waiver is equivalent to the example provided in this manual, and your contract contains language that requires a waiver of subrogation.

## **21. If a hold-harmless agreement is not necessarily legally binding, why do we need to include it?**

A hold-harmless agreement usually does not relieve your District of legal liability for your District's own negligence, but it does relieve your District of legal obligations arising out of the contractor's negligence if it is incorporated into the contract. The hold harmless agreement is also the means by which the contractor's insurance company will protect you as an "additional insured". Without the hold-harmless agreement, your District's ability to be protected by your additional insured status is weakened or nullified.

## **22. Should our organization require bonds in contracts that are not construction related?**

**Yes;** there are a number of situations when your organization may want to require bonds; for example, vendors that provide personalized products, such as customized information systems, specific equipment designed and built for your organization, or specific services provided for your organization. Although these may not be required on all vendor agreements, it is important to understand how these bonds may save your organization time and expense in the event the vendor fails to deliver or lacks the funding to finalize their product.

## **23. Should our organization require that contractors provide proof of terrorism coverage in their insurance programs?**

**Maybe;** the federal government has mandated that all insurers offer coverage for terrorist acts for an additional premium. This coverage is currently available; however, many insureds are declining this coverage without evaluating the risk potential. It is unclear to what extent a contractor could be responsible for any act of terrorism that occurs while performing tasks for your organization. You may consider the coverage on construction projects which may be impacted as a result of a terrorist attack. As with any exposure, you must identify the potential for risk, determine if the project is politically sensitive or considered highly visible, and decide if the inclusion of terrorist coverage may be necessary to mitigate a potential loss.

## **24. My contractor states that they are self-insured for liability, auto, and workers' compensation, and they cannot provide a Certificate of Insurance.**

In the State of California, organizations that are self-insured for Workers' Compensation must have a certificate of consent to self-insure issued by the State of California. They must also have authorization from the state to self-insure their auto exposure.

First, obtain copies of all of the contractor's documents granting it the authority to self-insure. Secondly, obtain a letter from the contractor that clearly spells out all of the requirements in your agreement, such as an equivalent to additional insured, waiver of subrogation, primary, etc. Next, you will need to confirm that the contractor has assets available to cover any losses in the event

they occur. This may include the review of audited financial statements, balance sheets, etc. Finally, you may require the contractor to issue a bond or a letter of credit to your District in an amount necessary to cover any losses.

**25. The contractor states that he or she is a sole proprietor and does not carry Workers' Compensation insurance. Is this acceptable?**

**Yes;** general partners or proprietors are not required to purchase workers' compensation for their operations. You should receive a letter from the contractor stating that they are either the owner of the organization or a general partner and exempt from the Labor Code's Workers' Compensation requirement.

**26. A public agency has advised the District that they are self-insured, and that it cannot provide a Certificate of Insurance. What should we do?**

It is common for many states, counties, and municipalities to be fully self-insured, or to carry deductibles on their insurance policies that exceed the insurance requirements of the contract; thus, the entities are "self-insured" as it relates to the contract. These agencies often provide a letter of self-insurance, as opposed to a standard Certificate of Insurance, as evidence of their coverage. When contracting with these agencies, it is recommended that you request a letter of self-insurance in lieu of a certificate for your files.

Sometimes, higher levels of government (federal government and its branches and agencies, and state and county governments) decline to provide evidence of self-insurance. Keep in mind that, while it is preferred written evidence is provided, it is not mandatory.

**27. Is it okay to accept a combination of primary and excess insurance in order to satisfy the minimum insurance requirements?**

**Yes;** there are a number of situations in which it is satisfactory to accept a combination of primary and excess insurance from a contractor to satisfy the minimum insurance requirements of the contract. There are certain policy conditions, however, that must be met in order for both policies to adequately protect the District. It is recommended that the District contact ASCIP prior to the approval of insurance documents involving a primary and excess insurance policy to review and check if the desired protection exists. Acceptable excess policies should be either "following form" excess coverage or umbrella coverage.

## OVERVIEW OF RISK MANAGEMENT

The risk management process has traditionally been viewed by some district officials as being nothing more than a hazard reduction program. However, risk management encompasses many factors, and the reduction of hazards is only one component of a much larger picture.

The basic components of Risk Management are:

- **Identification of hazards and loss exposures common to various district operations and programs**, i.e. laboratories, classrooms, playgrounds, athletics, equipment, field trips, student activities, transportation, use of facilities by outside groups, use of volunteers, interactions between adults and minors, food service, and safety. Contracts are also useful for hazard identification as they often provide information on direct and indirect exposures inherited in the contract.
- **Analysis of loss exposures** by reviewing peer and historical data to determine types, frequency, and severity
- **Assessment of the risk and loss exposures**, i.e. assessing hazards common to various district operations and programs. Included in this assessment could be an analysis of the district's historical claim frequency and severity.
- **Examining choices available to the district to reduce, eliminate, or transfer loss exposures**. This can be achieved, depending on the nature of the exposure, by the following methods:
  - **AVOIDANCE**: Elimination of hazardous activities, i.e., rock climbing, pyramids in cheerleading, etc.
  - **TRANSFER**: Purchase of insurance, i.e., general liability insurance, special events, and the use of hold harmless and indemnification clauses.
  - **RISK CONTROL**: Minimize the frequency and/or severity of the loss exposure, i.e., implementing emergency procedures, use of screenings, methods for correcting hazards, providing emergency first aid, and loss control/safety inspections.
  - **RETENTION**: Self-insuring all or a portion of a potential loss exposure, i.e., high deductibles or self-insurance programs.
- **Selection of the most advantageous and appropriate methods available to the district**. This typically includes two or more of the components shown above.
- **Implementation of the most appropriate method(s) for minimizing loss**.
- **Monitor the results of your selection of methods**. Make changes as needed or as conditions change. Use risk management approach to all subsequent areas.

## **INSURANCE COVERAGES DISCUSSED IN THIS MANUAL**

### **Commercial General Liability**

This coverage should be required in all district contracts. Bid specifications and contracts should state that required coverage is written on standard Insurance Services Office (“ISO”) form Commercial General (“CG”) form CG 00 01 10 93<sup>1</sup> or a substitute policy form providing equivalent coverage. CG 00 01 provides coverage for the following liability exposures:

- Premises and Operations Liability,
- Personal Injury/Advertising Liability,
- Products/Completed Operations Liability,
- Liability assumed under an insured Contract (including tort of another assumed in a business contract), and
- Independent Contractors

### **Sexual Abuse and Molestation Liability Coverage**

Businesses/organizations/consultants that provide instructional or support services to students/minors, or uses the district’s facilities to provide child care services or for various types of camps, should carry insurance for sexual abuse and molestation liability that also protects the school for liability arising out of the business’s operations and activities. Oftentimes, this coverage is provided by endorsement to the CG policy. If obtained in this manner, then check to confirm that a lesser sublimit, than the full per occurrence limit, is not in effect for this coverage.

### **Commercial Automobile Liability**

Automobile Liability insurance coverage should be required for contracts contemplating any use of an automobile, for example: construction projects, premises lease agreements, service contracts, and student transportation. Bid specifications and contracts should state that required coverage should be written on standard ISO form CA 00 01 06 92 covering Symbol 1 (“Any Auto”) or a substitute policy form providing equivalent auto liability coverage. Contract should contain a requirement that the contractor provide business automobile liability coverage that includes Personal Injury Protection (“PIP”).

### **Workers’ Compensation and Employer’s Liability**

District shall require all contractors, lessees, and vendors to maintain Workers’ Compensation insurance with statutory limits in accordance with the California Labor Code. Employer’s Liability is also required with minimum limits of \$1,000,000 for Bodily Injury by Accident and \$1,000,000 Policy Limit for Bodily Injury by Occupational Disease.

Contractors and lessees shall be responsible for Workers’ Compensation insurance for sub-contractors or sub-lessees who directly or indirectly provide services or lease premises under contract. If there is an exposure of injury to Contractors’ employees under the following federal acts – coverage shall be included for such injuries or claim:

Longshore and Harbor Workers Compensation Act (LHWCA), Defense Base Act (DBA), Nonappropriated Fund Instrumentalities Act (NFIA), Federal Employees Compensation Act (FECA), General Maritime Law, Death on the High Seas Act, Merchant Marine Act of 1920 (the Jones Act),

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<sup>1</sup> The last two numbers in ISO CG 00 01 10 93 refer to October 1993 (10/93), the date that the indicated version of the ISO CG 00 01 was approved for use. Generally, the more recent an ISO edition date, the more restrictive the coverage.

Federal Employers Liability Act (FELA), Migrant and Seasonal Agricultural Worker Protection Act (MSAWPA).

### **Cyber Security & Privacy Liability**

Liability arising from the theft, dissemination and/or use of confidential information, including but not limited to, personally identifiable information (PII), protected health information (PHI), security codes, access codes, passwords, etc.

Cyber Security and Privacy Liability insurance should include:

- Notification costs, crisis management costs, credit monitoring and regulatory fines, and defense costs;
- Network security liability arising from unauthorized access to, use of or tampering with computer systems, including hacker attacks.

### **Cyber Liability Tech Errors & Omissions**

Liability arising from the unauthorized release of information for which an entity has the legal obligation to keep private, such as personally identifiable information and protected health information. Coverage should include:

- Claims for personal injury and/or intellectual property violations in a digital, online, or media environment
- Claims alleging the failure of computer security that result in the transmission of malicious code, deletion, destruction or alteration of data, or the denial of service
- Defense costs in regulatory proceedings (state and federal) involving violation of privacy laws.
- Crisis management, notification, credit monitoring, and other expert services.

### **Umbrella Liability**

An Umbrella Liability policy (or “Following Form” Excess Liability) is an additional layer of coverage usually that sits over Commercial General Liability, Commercial Auto Liability, and Employer's Liability. The most common use of such a policy is to provide additional Commercial General Liability, Automobile Liability, and Employers’ Liability limits of insurance. Umbrella or Following Form Excess can also be excess of professional, cyber, or pollution liability coverages.

### **Professional Liability ("Errors & Omissions")**

Professional Liability insurance protects against losses that occur when a “professional” errors in judgment, planning, or design that could result in an economic loss to the district.

The term “Professional Liability” may have a different meaning when it relates to insurance and school contractors. In order to determine if you should require Professional Liability insurance, ask yourself:

- Is the professional licensed or certified (i.e. architect, consultant, nurse, physician, social worker, paramedic, attorney, engineer, etc.)?
- Will information developed by the professional be used in a decision-making process within the school that could create a liability?

- Will the District suffer an economic loss if there is an error in judgment, planning, or design by the professional?

If the answer is yes to either of these questions, then professional liability should be required.

The types of losses that can occur under such circumstances are often excluded under general liability policies. They can be covered through separate Professional Liability insurance policies, also known as "Errors and Omissions" (E&O) liability insurance.

Examples of services that would require Professional Liability coverage include:

Accountants	Engineers/Surveyors
Appraisers	Financial/Investment Consultants
Architects/Landscape Architects	Insurance/Risk Management/Actuarial Consultants
Attorneys	Medical Professionals
Auditors	Counselors/Social Workers
Software Programmers/Designers	

Professional Liability insurance is often written on a "claims-made" basis, which generally means that a claim must be made during the policy period in order for a claim to be covered. With these policies, there is a concern about coverage for latent defects, design errors, or mistakes that may result in claims after work has been completed, and after the policy period has expired. One solution is to require the contractor to maintain the coverage for a specified period after the project has been completed or to purchase an Extended Reporting Period (ERP), otherwise known as "tail coverage". It should be the district's standard requirement for Professional Liability coverage written on a claims-made basis to continue coverage or purchase an ERP for not less than three years (six years for construction and design/build contracts).

### **Pollution Liability Coverage (Including Contractors' Pollution Liability Coverage)**

Commercial general liability policies generally include a "total pollution exclusion", which, as it sounds, excludes liability coverage for damages sustained in connection to the escape or release of hazardous materials. When the protection is needed, it is often written on a separate policy. Pollution Liability Coverage should be considered whenever the contracted work involves the handling of hazardous materials or the operations could create or exacerbate an environmental hazard.

The contractor should provide Pollution Liability coverage for bodily injury, property damage, (including natural resource damage), cleanup costs, removal, storage, disposal, reuse, and recycling of the pollutant; and defense including costs and expenses incurred in the investigation, defense, or settlement of claims. Coverage should apply to the alkalis, toxic chemicals, liquids, gases, natural gas, waste materials, or other irritants, contaminants, or pollutants (including lead and asbestos).

Pollution Liability coverage is generally written on a claims-made basis. Therefore, the Contractor needs to warrant that any retroactive date applicable to coverage under the policy precedes the effective date of the contract; and that continuous coverage will be maintained (or an extended reporting period will be exercised) for a minimum period of three (or specify desired number) years beginning from the time the work under the contract is completed.

### **Unmanned Aerial Vehicle (UAV) Coverage, a.k.a. "Drones"**

Owners and/or Operators of drones must, at a minimum, maintain Aircraft Liability insurance covering property damage or injury to persons that may arise from the operation of UAVs. Coverage should be written on an occurrence basis. Additional coverage considerations should include coverage for personal

injury (invasion of privacy claims) and medical payments.

Note: Under California law, it is illegal to enter the airspace of an individual for the purpose of capturing an image or recording of that individual engaging in a private, personal, or familial activity without permission.

## **Property – Tenants/Lessees**

This insurance is required for those that lease facilities you own. If your tenant's/lessee's property is damaged or destroyed – you want it replaced so they can stay in business and continue paying rent to the school. Minimally the tenant/lessee shall obtain Commercial Property insurance covering tenants/lessee's business personal property and equipment. The lease agreement should also be written so it is clear about which party, the school or the tenant/lessee, is responsible for insuring the fixtures and improvements that have been made to the space. The insured perils, also known as covered causes of loss, insured should be the equivalent of ISO Causes of Loss - Special Form CP 10 30 and the valuation of covered property should be insured to the replacement cost. It is common for leases to include a mutual waiver of subrogation. Typically, if a district is renting its premises to third party tenants, it is preferable that the district maintain real property insurance on its buildings and improvement. The cost of this coverage can be passed on to the tenant, and the district maintains control over the type and amount of coverage it desires. If the district chooses to have the tenant provide such insurance, it is important that the district be named a loss payee and additional insured by endorsement.

## **Builders' Risk/Installation Floater**

Builders' Risk insurance is designed to cover loss or damage to buildings and construction materials while in the course of construction. Builders' Risk insurance is a form of Property insurance that protects the construction site against loss or damage caused by a variety of perils, for example, fire, wind, hail, vandalism, theft, collapse, etc.

Installation Floaters are similar to Builders' Risk insurance policies in that they are designed to cover loss or damage to material and equipment to be installed in an "existing building." Installation Floaters are required from contractors performing a specialized job on an existing building or installing equipment or materials that are not included in a construction project contract; for example, a contract to replace the plumbing/fixtures in the bathroom of an existing building.

## **Bonds**

A bond is a three-party contract in which the surety company guarantees the performance or honesty of the contractor to your District. Contractors typically are required to provide up to three types of bonds on a construction project.

With respect to California public entities including Districts, California Labor Code section 1720 defines a public work as "*[c]onstruction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds . . . For purposes of this paragraph, "construction" includes work performed during the design and preconstruction phases of construction, including, but not limited to, inspection and land surveying work. For purposes of this paragraph, "installation" includes, but is not limited to, the assembly and disassembly of freestanding and affixed modular office systems.*"

California Civil Code Section 3247 et seq. and Public Contract Code Section 10220 et seq. mandate that payment and performance bonds are necessary for contracts involving public work when the anticipated amount of such contracts exceeds \$25,000.

Assuming an anticipated contract amount exceeds \$25,000, any contract involving public work requires bonds.

A **bid bond** is commonly required in competitive bid situations. It is submitted with the bid and guarantees that if the contractor is awarded the job, the contractor will agree to perform the work at the price quoted and will provide additional bonds as required by the construction contract. If the contractor declines to enter into a contract to perform the work at the agreed-upon price, the bid bond will reimburse your District the difference between the defaulting contractor's bid and the next lowest bid, up to the bid bond penal amount.

A **performance bond** guarantees that the contractor will perform the work in accordance with the construction contract and related documents, thus protecting your District from financial loss up to the bond limit in the event the contractor fails to fulfill its contractual obligations.

The general contractor is responsible for contracting for all materials and labor needed for the project, and for paying for such materials and labor in accordance with the contract provisions. The payment bond guarantees that suppliers and subcontractors will in fact be paid for materials and labor furnished to the contractor. The ultimate purpose of the payment bond is to guarantee your District delivery of a project that is free of liens.

## **GENERAL INSURANCE REQUIREMENTS FOR ALL INSURERS**

These general requirements should be incorporated into every contract and should not be waived without consulting with ASCIP. **Note:** The size and scope of the contract and the potential exposure will dictate the minimum level of coverage required. The dollar amount of an agreement should never be the sole determining factor on the insurance.

### **District requires that all insurers:**

- 1) Be licensed or approved to conduct business within the State of California.
- 2) Write required insurance on an “occurrence” basis (Professional Liability and Pollution Liability are acceptable if written on a “claims-made” basis.)
- 3) Name the District and its Board, Officers, employees, agents, and volunteers as “Additional Insureds” on General Liability and other policies as specified by the contract.
- 4) Possess a minimum A.M. Best’s Insurance Guide rating of A- VII. A.M. Best rating is composed of two parts: the letter denotes the company’s financial strength level (see chart in appendix) and the Roman numeral denotes financial size.
- 5) Provide a completed Certificate of Insurance containing the following information:
  - Name, address, phone number, and fax number of agent/broker
  - Name of insurance company(ies), policy number(s) and NAIC code (used to check A.M. Best Rating)
  - Effective Policy Period
  - Name and address of the insured
  - Description of coverage(s)
  - Policy Limits
  - District listed as the certificate holder
  - Signature of the insurer’s agent/broker and date

### **Special instructions or terms of coverage (for example: addition of District as additional insured, waivers of subrogation in favor of District, identification of project, or operations):**

- 1) District requires that all contractor policies provide coverage on a primary and non-contributory basis to any other insurance coverage and/or self-insurance available to your District.
- 2) District requires the contractor to provide a renewal certificate at least 15 days prior to expiration.
- 3) District may also require that proof of Professional Liability and Pollution Liability coverages be provided continuously for not less than three (3) years after the completion of a project or have a pre-paid extended reporting period of the same duration if written on a claims-made basis.
- 4) The contractor agrees that the insurance requirements specified in the contract do not reduce the liability Contractor has assumed in the indemnification/hold harmless section of the contract.
- 5) If the contractor maintains broader coverage and/or higher limits than the minimums specified in the contract, the District requires and shall be entitled to the broader coverage and/or higher limits maintained by Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the District.

District reserves the right to approve the security of the insurance company and the coverage terms and conditions. Failure of the Contractor to fully comply with these requirements during the term of the Contract will be considered a material breach of contract and will be cause for immediate termination of the Contract at the option of your District.

**INSURANCE REQUIREMENTS MATRIX**  
(Recommended Minimum Insurance)

Ch.	Type of Contractor	Recommended Coverage	Per Occurrence / Aggregate Limits	Certificate of Insurance	Additional Insured / Loss Payee	Waiver of Subrogation
1	<b>Building Contractor/ Large Construction Projects (Total Hard and Soft Project Costs exceed \$1 million)</b>	General Liability	\$2,000,000 / \$4,000,000	X	X	X <sup>2</sup>
		Automobile Liability	\$1,000,000	X		X
		Workers' Compensation / Employer's Liability	Statutory / \$1,000,000	X		X
		Builder's Risk / Installation Floater <sup>3</sup>	Project Hard Costs Value	X	X	
		Professional Liability <sup>4</sup>	\$2,000,000 / \$2,000,000	X		
		Contractor's Pollution Liability	\$1,000,000 / \$2,000,000	X		X
2	<b>Maintenance, Contractors, Tradesmen (Smaller Construction Projects, Painters, Plumbers, Landscapers, etc.)</b>	General Liability	\$1,000,000 / \$2,000,000	X	X	X
		Automobile Liability	\$1,000,000	X		X
		Workers' Compensation / Employer's Liability	Statutory / \$1,000,000	X		X
		Installation Floater (if applicable)	Project Value	X	X	
3	<b>Environmental Contractors/ Consultants</b>	General Liability	\$1,000,000 / \$2,000,000	X	X	X
		Automobile Liability	\$1,000,000	X		X
		Workers' Compensation / Employer's Liability	Statutory / \$1,000,000	X		X
		Contractor's Pollution Liability	\$1,000,000 / \$2,000,000	X	X	X
		Professional Liability: (engineer, architect, etc.)	\$1,000,000 / \$2,000,000	X		

<sup>2</sup> Waivers of Subrogation mandatory for workers' compensation coverage, preferred for liability coverages.

<sup>3</sup> Option: District can provide Builder's Risk coverage as part of its property insurance program in the form of "Course of Construction" insurance.

<sup>4</sup> Only if professional services are part of the contractor's scope of services.

**INSURANCE REQUIREMENTS MATRIX (cont'd)**  
(Recommended Minimum Insurance)

Ch.	Type of Contractor	Recommended Coverage	Per Occurrence / Aggregate Limits	Certificate of Insurance	Additional Insured / Loss Payee	Waiver of Subrogation
4	<b>Consultants/Professional Services Providers: Architects, Auditors, Engineers, Attorneys, Physicians and Technology Providers</b>	General Liability	\$1,000,000 / \$2,000,000	X	X	X
		Automobile Liability	\$1,000,000	X		X
		Workers' Compensation / Employer's Liability	Statutory / \$1,000,000	X		X
		Cyber Security & Privacy Liability	\$1,000,000 / \$2,000,000	X		
		Cyber Liability Tech E&O	\$1,000,000 / \$2,000,000	X		
		Professional Liability (other than physician)	\$1,000,000 / \$2,000,000	X		
		Medical Malpractice (physician, dentist, etc.)	\$1,000,000 / \$2,000,000	X		
		Sexual Abuse or Molestation	\$3,000,000 / \$6,000,000	X	X	X
5	<b>Suppliers and/or Vendors</b>	General Liability	\$1,000,000 / \$2,000,000	X	X	X
		Automobile Liability	\$1,000,000	X		X
		Workers' Compensation / Employer's Liability	Statutory / \$1,000,000	X		X
		Cyber Security & Privacy Liability (only if services or products that are connected)	\$1,000,000 / \$2,000,000	X		X
6	<b>Bus Contractors and/or Charter Bus</b>	General Liability	\$5,000,000 / \$10,000,000	X	X	X
		Automobile Liability	\$25,000,000 *\$10,000,000 may be acceptable	X		X
		Workers' Compensation / Employer's Liability	Statutory / \$1,000,000	X		X
		Sexual Abuse or Molestation	\$3,000,000 / \$6,000,000	X	X	X

**INSURANCE REQUIREMENTS MATRIX (cont'd)**

(Recommended Minimum Insurance)

Ch.	Type of Contractor	Recommended Coverage	Per Occurrence / Aggregate Limits	Certificate of Insurance	Additional Insured / Loss Payee	Waiver of Subrogation
7	<b>Use of Facilities: Private Citizens, Organizations, Non-Business Groups<sup>5</sup></b>	General Liability	\$1,000,000 / \$2,000,000	X	X	X
		Sexual Abuse or Molestation (if minors are involved)	\$3,000,000 / \$6,000,000	X	X	X
8	<b>Charter Schools</b>	General Liability	\$5,000,000 / \$10,000,000	X	X	X
		Automobile Liability	\$1,000,000	X		X
		Workers' Compensation / Employer's Liability	Statutory / \$1,000,000	X		X
		Property Insurance	Replacement Value	X		X
		Sexual Abuse or Molestation	\$3,000,000 / \$6,000,000	X	X	X
		Crime Insurance	\$1,000,000	X		X
		Directors' and Officers' Liability	\$1,000,000 / \$2,000,000	X	X	
9	<b>Security Personnel</b>	General Liability	\$1,000,000 / \$2,000,000	X	X	X
		Automobile Liability	\$1,000,000	X		X
		Workers' Compensation / Employer's Liability	Statutory / \$1,000,000	X		X
		Crime Insurance	\$1,000,000	X		X
		Professional Liability	\$1,000,000 / \$2,000,000	X		
10	<b>Commercial Unmanned Aerial Vehicle (UAV)</b>	Aircraft Liability	\$1,000,000 / \$2,000,000	X	X	X

<sup>5</sup> Depending on the event, additional lines of coverage may be recommended.

## **CHAPTER 1 – BUILDING CONTRACTORS**

*(Contractors performing structural improvements or renovations)*

### **MINIMUM REQUIREMENTS**

#### **I. General Liability:**

- A. Commercial General Liability - \$2,000,000 per occurrence, \$4,000,000 aggregate For Bodily Injury, Personal and Advertising Injury, and Property Damage, including Blanket Contractual Liability, Products Liability, and Completed Operations.

If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location or the general aggregate limit shall be twice the required occurrence limit.

Coverage should be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01 10 93) or Insurance Services Office Form (CG 00 09 11 88 Owners and Contractor's Protective Liability Coverage Form - Coverage for Operations of Designated Contractor).

- B. Contractor's insurance to be primary and non-contributory.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.
- D. District, its trustees, officers, employees, and agents to be named as "Additional Insured" by separate endorsement.
- E. Coverage shall not exclude the perils of explosion, collapse, or underground (XCU) or sudden and accidental pollution.
- F. Executed Indemnity and Hold Harmless Agreement or substantially similar provisions should be included in the bid specifications or contract.

#### **II. Commercial Automobile Liability:**

- A. \$1,000,000 per accident for Bodily Injury and Property Damage.
- B. Coverage to include "Owned, Non-Owned, and Hired" automobiles ("Any Autos").
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.

Coverage should be at least as broad as Insurance Services Office Form Number CA 00 01 06 92 covering Automobile Liability, Symbol 1 ("Any Autos").

#### **III. Workers' Compensation/Employers Liability:**

- A. Certificate of Insurance indicating "statutory" limits, as required by the State of California.
- B. Employer's Liability - \$1,000,000 each accident for bodily injury by accident; \$1,000,000 each employee for bodily injury by disease; \$1,000,000 coverage period aggregate.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.

#### IV. Builder's Risk/Installation Floater/Bonds

\* Contact ASCIP Prior to Requiring this Coverage

##### ➤ Limit – Project Hard Costs Value

**Builder's Risk (Course of Construction)** is Special Perils ("All Risk") property coverage, which is generally defined as coverage for all perils with the exception of flood and earthquake, purchased by the contractor for loss or damage to buildings under construction, or loss or damage to building materials to be installed on the project, whether in transit, temporary storage and, before acceptance of the completion of the project by the owner. It being understood that the proceeds of any such insurance for claims shall be used to repair or replace any such property on behalf of the District. As such, the District should be loss payee.

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees, or subcontractors.

Builder's Risk policies shall contain the following provisions:

1. The District shall be named as a Loss Payee.
2. Waiver of subrogation in favor of the District.

\* ASCIP's Property Coverage includes Builder's Risk for the District's interests and a sub-limit of \$300,000 for the insurable interest of contractor's in construction materials, supplies, and temporary structures to be used in connection to a project. In some cases, the District may require the contractor to carry their own Builder's Risk policy to protect the contractor's property, materials, tools, and other financial interests which may exceed the amount of coverage provided in the District's property coverage with ASCIP. Therefore, to reiterate, please contact ASCIP prior to requiring this coverage.

**Installation Floaters** are similar to Builders' Risk insurance policies in that they are designed to cover damage to material and equipment to be installed in an "existing building." Installation Floaters are required from contractors performing a specialized job on an existing building or installing equipment or materials that are **not** included in a construction project contract. An example would be a contract to replace the plumbing/fixtures in the bathroom of an existing building. See Appendix for sample Installation Floater form.

**Bonds** – A bond is a three-party contract in which the surety company guarantees the performance of the contractor to District. Bonds are recommended where the total cost of the project exceeds \$25,000 and required if the contract involves public work and exceeds \$25,000 in value. Contractors typically are required to provide up to three types of bonds on a construction project.

A **bid bond** is commonly required in competitive bid situations. It is submitted with the bid and guarantees that if the contractor is awarded the job, the contractor will agree to perform the work at the price quoted and will provide additional bonds as required by the construction contract. If the contractor declines to enter into a contract to perform the work at the agreed-upon price, the bid bond will reimburse your District the difference between the defaulting contractor's bid and the next lowest bid, up to the bid bond penal amount.

A **performance bond** guarantees that the contractor will perform the work in accordance with the construction contract and related documents, thus protecting your District from financial loss up to the bond limit in the event the contractor fails to fulfill its contractual obligations. The general contractor is responsible for contracting for all materials and labor needed for the project, and for paying for such materials and labor in accordance with the contract provisions.

The **payment bond** guarantees that suppliers and Subcontractors will in fact be paid for materials and labor furnished to the contractor. The ultimate purpose of the payment bond is to guarantee [Name of School] delivery of a project that is free of liens.

**Sample Language:** Contractor shall furnish bonds covering the faithful performance of the contract and payment of all obligations in the following amounts:

Bid Bond: 10% of the contract value.

Performance Bond: 100% of the contract value, including change orders.

Payment Bond: 100% of the contract value, including change orders.

## **V. Professional Liability:**

A. \$2,000,000 per occurrence, \$2,000,000 aggregate - Errors & Omissions/Professional Liability.

➤ **Required for design/build.**

B. 30-day notice of intent to cancel, non-renew or make material change in coverage.

C. Executed Indemnity and Hold Harmless Agreement or similar provision should be included in the Service Contract.

**NOTE: Indemnity Agreement for architects, engineers and landscape design is Type III only (California Civil Code 2782.8).**

Sample Type III Indemnity Provision. To the fullest extent permitted by law, Consultant shall indemnify, defend and hold harmless the District its officials, officers, directors, employees, agents and volunteers from all liability arising out of, pertaining to or relating to, the negligence, acts, omissions, or willful misconduct of Consultant. Consultant's responsibility for such defense and indemnification shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnification obligations of this Agreement are to be undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.

D. "Additional Insured" is not required.

## **VI. Contractor's Pollution Liability and/or Asbestos Pollution Liability and/or Professional Liability:**

➤ \$1,000,000 per occurrence, \$2,000,000 aggregate

For projects in which the Contractor is engaged in the cleanup, removal, storage, disposal, reuse, and/or recycling of pollutants from a project site. If the Contractor is a specialist in this area, then Professional Liability specific to the environmental services is also required.

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Contractor, his agents, representatives, employees or subcontractors. With respect to General Liability, Errors & Omissions, Contractor's Pollution Liability and/or Asbestos Pollution Liability, claims-made coverage should be maintained for a minimum of three (3) years after contract completion or be purchased with a minimum, prepaid three-year extended reporting period.

## **OTHER INSURANCE PROVISIONS:**

### **Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to, and approved by the District. At the option of the District, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees and volunteers; or the Contractor shall provide a financial guarantee satisfactory to the District guaranteeing payment of losses and related investigations, claim administration and defense expenses.

### **Other Provisions**

The General Liability and Automobile Liability policies are to contain, or be endorsed to contain, the following provisions:

1. To the fullest extent permitted by law, the District, its officers, officials, employees, and volunteers are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the contractor; and with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. For any claims related to this project, the Contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees, and volunteers. Any insurance or self- insurance maintained by the District, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
2. If General Liability, and/or Professional Liability coverages are written on a claims-made form:
  - a. The retroactive date must be shown, and must be before the date of the contract or the beginning of contract work.
  - b. Insurance must be maintained and evidence of insurance must be provided for at least three (3) years after completion of contract work.
  - c. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, the Contractor must purchase an extended period coverage for a minimum of three (3) years after completion of contract work.
  - d. A copy of the claims reporting requirements must be submitted to the District for review.
3. Any insurance proceeds available to Contractor that are broader than or in excess of the specified minimum insurance coverage and/or limits shall be available to the District as an additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in the Contract or Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Named Insured, whichever is greater.

### **Notice of Cancellation**

Coverage required under this agreement shall not be canceled or non-renewed without 30 days prior written notice from Contractor to the District.

## **Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A- VII, unless otherwise acceptable by District and admitted to do business in the state of California, or accepted by the Surplus Lines Association to do business in California.

## **Verification of Coverage**

Contractor shall furnish the District with certificates and endorsements affecting coverage required by the agreement/contract. The endorsements are to be signed by the person authorized by that Insurer to bind coverage on its behalf. All endorsements are to be received and approved by the District before work commences. However, failure to do so shall not operate as a waiver of these insurance requirements.

## **Waiver of Subrogation**

Contractor hereby grants to the District a waiver of any right to subrogation which any insurer of said contractor may acquire against the District by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation.

## **Subcontractors**

Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein.

## **INDEMNIFICATION**

- a. Contractor shall defend, indemnify, and hold harmless ("Indemnification") the District, its trustees, officials, directors, officers, employees, and agents from and against all liabilities, losses, expenses, claims, actions, or judgments (including attorney fees) recovered or made against District for any damage, injury, or death to persons or damage to property caused by the negligent or intentional acts or omissions of Contractor, its officers, employees, agents, or subcontractors related to Contractor's performance under this Contract. Contractor's Indemnification extends to conditions created by this Contract or based upon violation of any statute, ordinance, or regulation. This provision is in addition to any common law or statutory liability and indemnification rights available to District. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents. District will promptly notify Contractor in writing of any such claim or demand to indemnify and shall cooperate with Contractor in a reasonable manner to defend such claim.
- b. Contractor shall defend, indemnify and hold harmless District, its officers, directors, agents, and employees from and against all claims, liabilities, losses, expenses, actions, or judgments (including attorneys' fees) that the Products or Work Product or that the District's use of the Products or Work Product infringe or misappropriate the intellectual property rights of any third party. This provision requires among other things that Contractor defend the District in any such action. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents.

## **CHAPTER 2 – MAINTENANCE, CONTRACTORS, TRADESMEN**

### **MINIMUM REQUIREMENTS**

#### **I. General Liability:**

- A. Commercial General Liability - \$1,000,000 per occurrence, \$2,000,000 aggregate For Bodily Injury, Personal and Advertising Injury and Property Damage including Blanket Contractual Liability, Products Liability, and Completed Operations.

Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01 10 93).

- B. Contractor's insurance to be primary and non-contributory.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.
- D. District to be named as "Additional Insured" by separate endorsement.
- E. Executed Indemnity and Hold Harmless Agreement or substantially similar provisions should be included in the bid specifications or contract.

#### **II. Commercial Automobile Liability:**

- A. \$1,000,000 per accident for Bodily Injury and Property Damage.
- B. Coverage to include "Owned, Non-Owned, and Hired" automobiles ("Any Autos").
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.

Coverage should be at least as broad as Insurance Services Office Form Number CA 00 01 06 92 covering Automobile Liability, Symbol 1 ("Any Autos").

#### **III. Workers' Compensation/Employer's Liability:**

- A. Certificate of Insurance indicating "statutory" limits, as required by the State of California.
- B. Employer's Liability - \$1,000,000 each accident for bodily injury by accident; \$1,000,000 each employee for bodily injury by disease; \$1,000,000 coverage period aggregate.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.

#### **IV. Installation Floater (if applicable):**

\*Contact ASCIP Prior to Requiring this Coverage

##### **➤ Limit – Project Value**

**Installation Floaters** are similar to Builders' Risk insurance policies in that they are designed to cover damage to material and equipment to be installed in an "existing building." Installation Floaters are required from contractors performing a specialized job on an existing building or installing equipment or materials that are *not* included in a construction project contract. An example would be a contract to replace the plumbing/fixtures in the bathroom of an existing building. See Appendix for sample Installation Floater form.

## **OTHER INSURANCE PROVISIONS:**

### **Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to the District, its officers, officials, employees and volunteers; or the Contractor shall provide a financial guarantee satisfactory to the District guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

### **Other Insurance Provisions**

The Commercial General Liability and Commercial Automobile Liability policies are to contain, or be endorsed to contain, the following provisions:

1. To the fullest extent permitted by law, the District, its officers, officials, employees, and volunteers are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the contractor; and with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General Liability coverage shall be provided in the form of an Additional Insured endorsement (ISO CG 20 10 11 85 or equivalent) to the contractor's insurance policy, or as a separate owner's policy.
2. For any claims related to this project, the Contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
3. Any insurance proceeds available to Contractor that are broader than or in excess of the specified minimum insurance coverage and/or limits shall be available to the District as an additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in the Contract or Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Named Insured, whichever is greater.

### **Notice of Cancellation**

Coverage required under this agreement shall not be canceled or non-renewed without 30 days prior written notice from contractor to the District.

### **Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A- VII, unless otherwise acceptable by District and admitted to do business in the state of California, or accepted by the Surplus Lines Association to do business in California.

### **Verification of Coverage**

Contractor shall furnish the District with certificates and endorsements affecting coverage required by the agreement/contract. The endorsements are to be signed by the person authorized by that Insurer to bind coverage on its behalf. All endorsements are to be received and approved by the District before work commences. However, failure to do so shall not operate as a waiver of these insurance requirements.

## **Waiver of Subrogation**

Contractor hereby grants to District a waiver of any right to subrogation which any insurer of said contractor may acquire against the District by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation.

## **Subcontractors**

Contractor shall require and verify that all subcontractors indemnify the District to the same extent and maintain insurance meeting all of the requirements to the same extent as the Contractor.

## **INDEMNIFICATION**

- a. Contractor shall defend, indemnify, and hold harmless ("Indemnification") the District, its trustees, officials, directors, officers, employees, and agents from and against all liabilities, losses, expenses, claims, actions, or judgments (including attorney fees) recovered or made against District for any damage, injury, or death to persons or damage to property caused by the negligent or intentional acts or omissions of Contractor, its officers, employees, agents, or subcontractors related to Contractor's performance under this Contract. Contractor's Indemnification extends to conditions created by this Contract or based upon violation of any statute, ordinance, or regulation. This provision is in addition to any common law or statutory liability and indemnification rights available to District. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents. District will promptly notify Contractor in writing of any such claim or demand to indemnify and shall cooperate with Contractor in a reasonable manner to defend such claim.
- b. Contractor shall defend, indemnify and hold harmless District, its officers, directors, agents, and employees from and against all claims, liabilities, losses, expenses, actions, or judgments (including attorneys' fees) that the Products or Work Product or that the District's use of the Products or Work Product infringe or misappropriate the intellectual property rights of any third party. This provision requires among other things that Contractor defend the District in any such action. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents.

## **CHAPTER 3 – ENVIRONMENTAL CONTRACTORS AND/OR CONSULTANTS**

### **MINIMUM REQUIREMENTS**

#### **I. General Liability:**

- A. Commercial General Liability - \$1,000,000 per occurrence, \$2,000,000 aggregate For Bodily Injury, Personal and Advertising Injury, and Property Damage, including Blanket Contractual Liability, Products Liability, and Completed Operations.

If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01 10 93 or Claims Made Form CG 00 02).

- B. Contractor's insurance to be primary and non-contributory.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.
- D. District to be named as "Additional Insured" by separate endorsement.
- E. Executed Indemnity and Hold Harmless Agreement or substantially similar provisions should be included in the bid specifications or contract.

#### **II. Commercial Automobile Liability:**

- A. \$1,000,000 per accident for Bodily Injury and Property Damage.
- B. Coverage to include "Owned, Non-Owned, and Hired" automobiles ("Any Autos").
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.

Coverage shall be at least as broad as Insurance Services Office Form No. CA 00 01 06 92 covering Automobile Liability, Symbol 1 ("Any Autos").

#### **III. Workers' Compensation/Employer's Liability:**

- A. Certificate of Insurance indicating "statutory" limits, as required by the State of California.
- B. Employer's Liability - \$1,000,000 each accident for bodily injury by accident; \$1,000,000 each employee for bodily injury by disease; \$1,000,000 coverage period aggregate.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.

#### **IV. Contractor's Pollution Liability; Asbestos Pollution Liability:**

- A. \$1,000,000 per occurrence, \$2,000,000 aggregate  
Covering the cleanup, removal, storage, disposal, reuse, and/or recycling of pollutants. If the Contractor is a specialist, then Professional Liability specific to the environmental services is also required.

B. Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Contractor, his agents, representatives, employees or subcontractors. With respect to General Liability, Errors & Omissions, Contractor's Pollution Liability and/or Asbestos Pollution Liability, coverage should be maintained for a minimum of three (3) years after contract completion.

**V. Professional Liability (auditor, engineer, architect, etc.):**

- A. \$1,000,000 per occurrence, \$2,000,000 aggregate - Errors & Omissions/Professional Liability.
- B. 30-day notice of intent to cancel, non-renew or make material change in coverage.
- C. Executed Indemnity and Hold Harmless Agreement or similar provision should be included in the Service Contract.

**NOTE: Indemnity Agreement for architects, engineers and landscape design is Type III only (California Civil Code 2782.8).**

Sample Type III Indemnity Provision. To the fullest extent permitted by law, Consultant shall indemnify, defend and hold harmless the District its officials, officers, directors, employees, agents and volunteers from all liability arising out of, pertaining to or relating to, the negligence, acts, omissions, or willful misconduct of Consultant. Consultant's responsibility for such defense and indemnification shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnification obligations of this Agreement are to be undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.

- D. "Additional Insured" is not required.

**OTHER INSURANCE PROVISIONS:**

**Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to and approved by the District. If possible, the Insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees and volunteers; or the Contractor shall provide evidence satisfactory to the District guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

**Other Provisions**

1. The General Liability, Automobile Liability, Contractor's Pollution Liability and/or Asbestos Pollution Liability policies are to contain, or be endorsed to contain, the following provisions:
  - a. To the fullest extent permitted by law, the District, its officers, officials, employees and volunteers are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Contractor; and with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations; and with respect to Contractor's Pollution Liability and/or Asbestos Pollution.

- b. For any claims related to this project, the Contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees, agents and volunteers. Any insurance or self- insurance maintained by the District, its officers, officials, employees, agents or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
2. The Automobile Liability policy shall be endorsed to include Transportation Pollution Liability insurance covering materials to be transported by Contractor pursuant to the contract. This coverage may also be provided on the Contractor's Pollution Liability policy.
3. If General Liability, Contractor's Pollution Liability and/or Asbestos Pollution Liability and/or Professional Liability coverage are written on a claims-made form:
  - a. The retroactive date must be shown, and must be before the date of the contract or the beginning of contract work.
  - b. Insurance must be maintained and evidence of insurance must be provided for at least three (3) years after completion of the contract of work.
  - c. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, the Contractor must purchase an extended period coverage for a minimum of three (3) years after completion of contract work.
  - d. Optional; A copy of the claims reporting requirements must be submitted to the District for review.
  - e. If the services involve lead-based paint or asbestos identification/remediation, the Contractor's Pollution Liability shall not contain lead-based paint or asbestos exclusions. If the services involve mold identification/remediation, the Contractor's Pollution Liability shall not contain mold exclusion and the definition of "Pollution" shall include microbial matter, including mold.
4. Any insurance proceeds available to Contractor that are broader than or in excess of the specified minimum insurance coverage and/or limits shall be available to the District as an additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in the Contract or Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Named Insured, whichever is greater

### **Notice of Cancellation**

Coverage required under this agreement shall not be canceled or non-renewed without 30 days prior written notice from contractor to the District.

### **Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A- VII if admitted. If Contractor's Pollution Liability, Asbestos Pollution Liability and/or Professional Liability (Errors & Omissions) coverages are not available from an "Admitted" insurer, the coverage may be written by a Non-admitted insurance company. A Non-admitted company should have an A.M. Best's rating of A- X or higher.

## **Verification of Coverage**

Contractor shall furnish the District with certificates and endorsements affecting coverage required by the agreement/contract. The endorsements are to be signed by the person authorized by that Insurer to bind coverage on its behalf. All endorsements are to be received and approved by the District before work commences. However, failure to do so shall not operate as a waiver of these insurance requirements.

## **Waiver of Subrogation**

Contractor hereby grants to District a waiver of any right to subrogation which any insurer of said contractor may acquire against the District by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation.

## **Subcontractors**

Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein.

## **INDEMNIFICATION**

- a. Contractor shall defend, indemnify, and hold harmless ("Indemnification") the District, its trustees, officials, directors, officers, employees, and agents from and against all liabilities, losses, expenses, claims, actions, or judgments (including attorney fees) recovered or made against District for any damage, injury, or death to persons or damage to property caused by the negligent or intentional acts or omissions of Contractor, its officers, employees, agents, or subcontractors related to Contractor's performance under this Contract. Contractor's Indemnification extends to conditions created by this Contract or based upon violation of any statute, ordinance, or regulation. This provision is in addition to any common law or statutory liability and indemnification rights available to District. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents. District will promptly notify Contractor in writing of any such claim or demand to indemnify and shall cooperate with Contractor in a reasonable manner to defend such claim.
- b. Contractor shall defend, indemnify and hold harmless District, its officers, directors, agents, and employees from and against all claims, liabilities, losses, expenses, actions, or judgments (including attorneys' fees) that the Products or Work Product or that the District's use of the Products or Work Product infringe or misappropriate the intellectual property rights of any third party. This provision requires among other things that Contractor defend the District in any such action. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents.

## **CHAPTER 4 – CONSULTANTS**

### ***PROFESSIONAL SERVICE PROVIDERS***

#### **MINIMUM REQUIREMENTS**

##### **I. General Liability:**

- A. Commercial General Liability - \$1,000,000 per occurrence, \$2,000,000 aggregate For Bodily Injury, Personal and Advertising Injury and Property Damage.

If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01 10 93).

- B. Contractor's insurance to be primary and non-contributory.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.
- D. District to be named as "Additional Insured" by separate endorsement.
- E. Executed Indemnity and Hold Harmless Agreement or substantially similar provisions should be included in the bid specifications or contract.

##### **II. Commercial Automobile Liability:**

- A. \$1,000,000 per accident for Bodily Injury and Property Damage.
- B. Coverage to include "Owned, Non-Owned, and Hired" automobiles ("Any Autos").
- C. 30-day notice of intent to cancel, non-renew or make material change in coverage.

Coverage shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering Automobile Liability, Symbol 1 ("Any Autos").

##### **III. Workers' Compensation/Employer's Liability:**

- A. Certificate of Insurance indicating "statutory" limits, as required by the State of California.
- B. Employer's Liability - \$1,000,000 each accident for bodily injury by accident; \$1,000,000 each employee for bodily injury by disease; \$1,000,000 coverage period aggregate.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.

##### **IV. Cyber Security & Privacy Liability Insurance:**

Contracts with consultants/contractors with access to confidential or Personally Identifiable Information (PII).

- A. \$1,000,000 per occurrence or claim, \$2,000,000 aggregate
- B. 30-day notice of intent to cancel, non-renew, or make material change in coverage

C. Executed Indemnity and Hold Harmless Agreement or similar provision should be included in the Service Contract.

**Sample Contract Language:** Consultant/Contractor shall procure and maintain insurance which shall contain the following coverage:

- (a) Liability arising from the theft, dissemination and/or use of confidential information, including but not limited to, personally identifiable information (PII), protected health information (PHI), security codes, access codes, passwords, security codes or personal identification numbers (PINS);
- (b) Notification costs, credit monitoring and other expert services, regulatory fines and defense costs;
- (c) Network security liability arising from unauthorized access to, use of, or tampering with computer systems, including hacker attacks;
- (d) Liability arising from the introduction of a computer virus into, or otherwise causing damage to vendor (first party) or customer's (third party) computer, computer system, network or similarly related property and the data, software and programs thereon;
- (e) Liability arising from professional misconduct or lack of the requisite skill required for the performances of services defined in the contract or agreement.

**V. Cyber Liability (Technology Errors and Omissions) Insurance:**

Contracts with IT consultants, systems analysts, web designers, online services and content providers, programmers, cloud-based providers, system installation and software personnel.

- A. \$1,000,000 per occurrence or claim, \$2,000,000 aggregate
- B. 30-day notice of intent to cancel, non-renew, or make material change in coverage
- C. Executed Indemnity and Hold Harmless Agreement or similar provision should be included in the Service Contract.

**Sample Contract Language:** Consultant/Contractor shall procure and maintain insurance which shall contain the following coverage:

- (a) Liability arising from the theft, dissemination and/or use of confidential or personally identifiable information; including credit monitoring and regulatory fines arising from such theft, dissemination or use of the confidential information.
- (b) Network security liability arising from the unauthorized use of, access to, or tampering with computer systems.
- (c) Liability arising from the failure of technology products (software) required under the contract for Consultant to properly perform the services intended.
- (d) Electronic Media Liability arising from personal injury, plagiarism or misappropriation of ideas, domain name infringement or improper deep-linking or framing, and infringement or violation of intellectual property rights.
- (e) Liability arising from the rendering, or failure to render, professional services

**VI. Professional Liability (auditor, engineer, architect, etc.):**

Applicable to the consultant's profession. Architects' and Engineers' coverage is to be endorsed to include contractual liability.

- A. \$1,000,000 per occurrence, \$2,000,000 aggregate - Errors & Omissions/Professional Liability.
- B. 30-day notice of intent to cancel, non-renew or make material change in coverage.
- C. Executed Indemnity and Hold Harmless Agreement or similar provision should be included in the Service Contract.

**NOTE: Indemnity Agreement for architects, engineers and landscape design is Type III only (California Civil Code 2782.8).**

Sample Type III Indemnity Provision. To the fullest extent permitted by law, Consultant shall indemnify, defend and hold harmless the District its officials, officers, directors, employees, agents and volunteers from all liability arising out of, pertaining to or relating to, the negligence, acts, omissions, or willful misconduct of Consultant. Consultant's responsibility for such defense and indemnification shall survive the termination or completion of this Agreement for the full period of time allowed by law.

The defense and indemnification obligations of this Agreement are to be undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.

- D. "Additional Insured" is not required.

**VII. Medical Malpractice (physicians, dentists, psychologists):**

- A. \$1,000,000 per occurrence, \$2,000,000 aggregate.
- B. 30-day notice of intent to cancel, non-renew, or make material change in coverage.
  - a. Executed Indemnity and Hold Harmless Agreement or similar provisions should be included in the service contract.
  - b. "Additional Insured" is not required.
  - c. In certain circumstances, the following applies: General Liability and Automobile Liability with Combined Single Limits of Liability of \$1,000,000 each.

**VIII. Sexual Abuse or Molestation Liability:**

- A. \$3,000,000 per occurrence, \$6,000,000 aggregate
- B. All other requirements as provided under "General Liability (b through e)" above.

**\*Applicable when consultants are working with minors in 1:1 environment.**

## **OTHER INSURANCE PROVISIONS:**

### **Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees and volunteers; or the Consultant shall provide a financial guarantee satisfactory to the District guaranteeing payment of losses and related investigations, claim administration and defense expenses.

### **Other Provisions**

1. The Commercial General Liability and Commercial Automobile Liability policies are to contain, or be endorsed to contain, the following provisions:
  - a. To the fullest extent permitted by law, the District, its officers, officials, employees and volunteers are to be covered as insureds as respects: liability arising out of work or operations performed by or on behalf of the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant.
  - b. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
2. If Professional Liability, and/or Errors & Omissions coverage are written on a claims-made form:
  - a. The retroactive date must be shown, and must be before the date of the contract or the beginning of contract work.
  - b. Insurance must be maintained and evidence of insurance must be provided for at least three (3) years after completion of the contract of work.
  - c. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, the Consultant must purchase an extended period coverage for a minimum of three (3) years after completion of contract work.
  - d. Optional: A copy of the claims reporting requirements must be submitted to the District for review.
3. Any insurance proceeds available to Consultant that are broader than or in excess of the specified minimum insurance coverage and/or limits shall be available to the District as an additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in the Contract or Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Named Insured, whichever is greater.
4. Sexual abuse or molestation liability insurance shall be required where consultants are working with minors.

## **Notice of Cancellation**

Coverage required under this agreement shall not be canceled or non-renewed without 30 days prior written notice from Consultant to the District.

## **Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A- VII, unless otherwise acceptable by District and admitted to do business in the state of California, or accepted by the Surplus Lines Association to do business in California.

## **Verification of Coverage**

Consultant shall furnish the District with certificates and endorsements affecting coverage required by the agreement/contract. The endorsements are to be signed by the person authorized by that Insurer to bind coverage on its behalf. All endorsements are to be received and approved by the District before work commences. However, failure to do so shall not operate as a waiver of these insurance requirements.

## **Waiver of Subrogation**

Consultant hereby grants to District a waiver of any right to subrogation which any insurer of said consultant may acquire against the District by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation.

## **Subcontractors**

Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein.

## **INDEMNIFICATION**

- a. Contractor shall defend, indemnify, and hold harmless ("Indemnification") the District, its trustees, officials, directors, officers, employees, volunteers, and agents from and against all liabilities, losses, expenses, claims, actions, or judgments (including attorney fees) recovered or made against District for any damage, injury, or death to persons or damage to property caused by the negligent or intentional acts or omissions of Contractor, its officers, employees, agents, or subcontractors (of all tiers) related to Contractor's performance under this Contract. Contractor's Indemnification extends to conditions created by this Contract or based upon violation of any statute, ordinance, or regulation. This provision is in addition to any common law or statutory liability and indemnification rights available to District. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, volunteers, or agents. District will promptly notify Contractor in writing of any such claim or demand to indemnify and shall cooperate with Contractor in a reasonable manner to defend such claim.
- b. Contractor shall defend, indemnify and hold harmless District, its officers, directors, agents, volunteers, and employees from and against all claims, liabilities, losses, expenses, actions, or judgments (including attorneys' fees) that the Products or Work Product or that the District's use of the Products or Work Product infringe or misappropriate the intellectual property rights of any third party. This provision requires, among other things, that Contractor defend the District in any such action. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, volunteers, or agents.

## **CHAPTER 5 – SUPPLIERS AND/OR VENDORS**

### **MINIMUM REQUIREMENTS**

#### **I. General Liability:**

- A. Commercial General Liability - \$1,000,000 per occurrence, \$2,000,000 aggregate For Bodily Injury, Personal and Advertising Injury, and Property Damage, including Blanket Contractual Liability, Products Liability, and Completed Operations.

If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01 10 93).

- B. Vendor's insurance to be primary and non-contributory.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.
- D. District to be named as "Additional Insured" by separate endorsement.
- E. Executed Indemnity and Hold Harmless Agreement or substantially similar provisions should be included in the bid specifications or contract.

#### **II. Commercial Automobile Liability:**

- A. \$1,000,000 per accident for Bodily Injury and Property Damage.
- B. Coverage to include "Owned, Non-Owned, and Hired" automobiles ("Any Autos").
- C. 30-day notice of intent to cancel, non-renew or make material change in coverage.

Coverage shall be at least as broad as Insurance Services Office Form Number CA 00 01 06 92 covering Automobile Liability, Symbol 1 ("Any Autos").

#### **III. Workers' Compensation/Employer's Liability:**

- A. Certificate of Insurance indicating "statutory" limits, as required by the State of California.
- B. Employer's Liability - \$1,000,000 each accident for bodily injury by accident; \$1,000,000 each employee for bodily injury by disease; \$1,000,000 coverage period aggregate.
- C. 30-day notice of intent to cancel, non-renew, or make material changes in coverage.

#### **IV. Cyber Security & Privacy Liability Insurance:**

Contracts with consultants/contractors with access to confidential or Personally Identifiable Information (PII).

- A. \$1,000,000 per occurrence or claim, \$2,000,000 aggregate
- B. 30-day notice of intent to cancel, non-renew or make material change in coverage

C. Executed Indemnity and Hold Harmless Agreement or similar provision should be included in the Service Contract.

**Sample Contract Language:** Consultant/Contractor shall procure and maintain insurance which shall contain the following coverage:

- (a) Liability arising from the theft, dissemination and/or use of confidential information, including but not limited to, personally identifiable information (PII), protected health information (PHI), security codes, access codes, passwords, security codes or personal identification numbers (PINS);
- (b) Notification costs, credit monitoring and other expert services, regulatory fines and defense costs;
- (c) Network security liability arising from unauthorized access to, use of, or tampering with computer systems, including hacker attacks;
- (d) Liability arising from the introduction of a computer virus into, or otherwise causing damage to vendor (first party) or customer's (third party) computer, computer system, network or similarly related property and the data, software and programs thereon;
- (e) Liability arising from professional misconduct or lack of the requisite skill required for the performances of services defined in the contract or agreement.

## **OTHER INSURANCE PROVISIONS:**

### **Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees and volunteers; or the Vendor shall provide a financial guarantee satisfactory to the District guaranteeing payment of losses and related investigations, claim administration and defense expenses.

### **Other Provisions**

The policy or policies are to contain, or be endorsed to contain, the following provisions:

1. To the fullest extent permitted by law, The District, its officers, officials, employees and volunteers are to be covered as insureds as respects any and all liability arising out of, or pertaining to, products of the Vendor; and with respect to liability arising out of automobiles owned, leased, hired or borrowed by Vendor.
2. The Vendor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees or volunteers shall be excess of the Vendor's insurance and shall not contribute with it.
3. Any insurance proceeds available to Vendor that are broader than or in excess of the specified minimum insurance coverage and/or limits shall be available to the District as an additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in the Contract or Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Named Insured, whichever is greater.

## **Notice of Cancellation**

Coverage required under this agreement shall not be canceled or non-renewed without 30 days prior written notice from contractor to the District.

## **Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A- VII, unless otherwise acceptable by District and admitted to do business in the state of California, or accepted by the Surplus Lines Association to do business in California.

## **Verification of Coverage**

Vendor shall furnish the District with certificates and endorsements affecting coverage required by the agreement/contract. The endorsements are to be signed by the person authorized by that Insurer to bind coverage on its behalf. All endorsements are to be received and approved by the District before work commences. However, failure to do so shall not operate as a waiver of these insurance requirements.

## **Waiver of Subrogation**

Vendor hereby grants to District a waiver of any right to subrogation which any insurer of said vendor may acquire against the District by virtue of the payment of any loss under such insurance. Vendor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation.

## **Subcontractors**

Vendor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A- VII, unless otherwise acceptable by District.

## **Vendor Exceptions**

There are a number of organizations/companies that provide services to your District that will not have formal contracts in place. These include but are not limited to, United Parcel Service, Federal Express, United States Mail, and for-hire interstate truck lines as examples. Although each of these companies may provide vendor services to you, you typically will not require formal contracts and will not require evidence of insurance. All of the companies listed above are required to be licensed under the Department of Transportation rules and regulations which also require specific limits of insurance.

## **INDEMNIFICATION**

- a. Contractor shall defend, indemnify, and hold harmless ("Indemnification") the District, its trustees, officials, directors, officers, employees, and agents from and against all liabilities, losses, expenses, claims, actions, or judgments (including attorney fees) recovered or made against District for any damage, injury, or death to persons or damage to property caused by the negligent or intentional acts or omissions of Contractor, its officers, employees, agents, or subcontractors related to Contractor's performance under this Contract. Contractor's Indemnification extends to conditions created by this Contract or based upon violation of any statute, ordinance, or regulation. This provision is in addition to any common law or statutory liability and indemnification rights available to District. Contractor's Indemnification of District shall not apply to damage, injury, or death caused

by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents. District will promptly notify Contractor in writing of any such claim or demand to indemnify and shall cooperate with Contractor in a reasonable manner to defend such claim.

- b. Contractor shall defend, indemnify and hold harmless District, its officers, directors, agents, and employees from and against all claims, liabilities, losses, expenses, actions, or judgments (including attorneys' fees) that the Products or Work Product or that the District's use of the Products or Work Product infringe or misappropriate the intellectual property rights of any third party. This provision requires among other things that Contractor defend the District in any such action. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents.

## **CHAPTER 6 – BUS CONTRACTORS AND/OR CHARTER BUS**

### **MINIMUM REQUIREMENTS**

#### **I. Commercial General Liability:**

- A. Commercial General Liability - \$5,000,000 per occurrence, \$10,000,000 aggregate For Bodily Injury, Personal and Advertising Injury and Property Damage.

If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01 10 93).

When contracting for vehicle maintenance or repairs, the following should also be maintained:

Garage Liability - \$1,000,000 per occurrence, **AND**

Garage Keepers Legal Liability (GKLL) - \$100,000 per occurrence

- B. Contractor's insurance to be primary and non-contributory.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.
- D. District to be named as "Additional Insured" by separate endorsement.
- E. Executed Indemnity and Hold Harmless Agreement or substantially similar provisions should be included in the bid specifications or contract.

#### **II. Commercial Automobile Liability:**

- A. \$25,000,000 per accident for Bodily Injury and Property Damage.  
\* \$10,000,000 per accident may be acceptable. Contact ASCIP to discuss.

- B. Coverage to include "Owned, Non-Owned, and Hired" automobiles ("Any Autos").

- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.

Coverage shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering Automobile Liability, Symbol 1 ("Any Autos").

#### **III. Workers' Compensation and Employer's Liability:**

- A. Certificate of Insurance indicating "statutory" limits, as required by the State of California.

- B. Employer's Liability - \$1,000,000 each accident for bodily injury by accident; \$1,000,000 each employee for bodily injury by disease; \$1,000,000 coverage period aggregate.

- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.

#### **IV. Sexual Abuse or Molestation Liability:**

- A. \$3,000,000 per occurrence, \$6,000,000 aggregate

B. All other requirements as provided under "General Liability (b through e)" above.

## **OTHER INSURANCE PROVISIONS:**

### **Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees and volunteers; or the Contractor shall provide a financial guarantee satisfactory to the District guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

### **Other Insurance Provisions**

1. The General Liability and Automobile Liability policies are to contain, or be endorsed to contain, the following provisions:
  - a. To the fullest extent permitted by law, the District, its officers, officials, employees, and volunteers are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the contractor; and with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General Liability coverage shall be provided in the form of an Additional Insured endorsement (CG 20 10 11 85 or equivalent) to the contractor's insurance policy, or as a separate owner's policy.
  - b. For any claims related to this project, the Contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
2. Any insurance proceeds available to Contractor that are broader than or in excess of the specified minimum insurance coverage and/or limits shall be available to the District as an additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in the Contract or Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Named Insured, whichever is greater

### **Notice of Cancellation**

Coverage required under this agreement shall not be canceled or non-renewed without 30 days prior written notice from contractor to the District.

### **Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A- VII, unless otherwise acceptable by District and admitted to do business in the state of California, or accepted by the Surplus Lines Association to do business in California.

### **Verification of Coverage**

Contractor shall furnish the District with certificates and endorsements affecting coverage required by the agreement/contract. The endorsements are to be signed by the person authorized by that Insurer to bind coverage on its behalf. All endorsements are to be received and approved by the District before

work commences. However, failure to do so shall not operate as a waiver of these insurance requirements.

### **Waiver of Subrogation**

Contractor hereby grants to District a waiver of any right to subrogation which any insurer of said contractor may acquire against the District by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation.

### **Subcontractors**

Contractor shall require and verify that all subcontractors maintain insurance meeting all of the requirements stated herein.

## **INDEMNIFICATION**

- a. Contractor shall defend, indemnify, and hold harmless ("Indemnification") the District, its trustees, officials, directors, officers, employees, and agents from and against all liabilities, losses, expenses, claims, actions, or judgments (including attorney fees) recovered or made against District for any damage, injury, or death to persons or damage to property caused by the negligent or intentional acts or omissions of Contractor, its officers, employees, agents, or subcontractors related to Contractor's performance under this Contract. Contractor's Indemnification extends to conditions created by this Contract or based upon violation of any statute, ordinance, or regulation. This provision is in addition to any common law or statutory liability and indemnification rights available to District. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents. District will promptly notify Contractor in writing of any such claim or demand to indemnify and shall cooperate with Contractor in a reasonable manner to defend such claim.
- b. Contractor shall defend, indemnify and hold harmless District, its officers, directors, agents, and employees from and against all claims, liabilities, losses, expenses, actions, or judgments (including attorneys' fees) that the Products or Work Product or that the District's use of the Products or Work Product infringe or misappropriate the intellectual property rights of any third party. This provision requires among other things that Contractor defend the District in any such action. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents.

## **CHAPTER 7 – USE OF FACILITIES**

### **MINIMUM REQUIREMENTS**

#### **I. General Liability:**

- A. Commercial General Liability - \$1,000,000 per occurrence, \$2,000,000 aggregate For Bodily Injury, Personal and Advertising Injury and Property Damage.

If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this event/location or the general aggregate limit shall be twice the required occurrence limit.

Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01 10 93).

- B. Contractor's insurance to be primary and non-contributory.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.
- D. District to be named as "Additional Insured" by separate endorsement.
- E. Executed Indemnity and Hold Harmless Agreement or substantially similar provisions should be included in the bid specifications or contract.
- F. Sports Associations shall include evidence that their General Liability Policy contains Athletic Participant's Medical Expense coverage that will respond to injuries sustained by athletic participants.

#### **II. Sexual Abuse or Molestation Liability**

**(applicable if facility use involves minors or other vulnerable populations)**

- A. \$3,000,000 per occurrence, \$6,000,000 aggregate
- B. All other requirements as provided under "General Liability (b through e)" above.

**\*Depending on the event, additional lines of coverage may be recommended. Contact ASCIP to discuss.**

### **OTHER INSURANCE PROVISIONS:**

The General Liability policy is to contain, or be endorsed to contain, the following provisions:

1. To the fullest extent permitted by law, the District, its officers, officials, employees and volunteers are to be covered as insureds with respect to liability arising out of ownership, maintenance or use of that part of the premises leased to the Lessee.
2. The Lessee's/Applicant's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the

District, its officers, officials, employees or volunteers shall be excess of the Lessee's/Applicant's insurance and shall not be required to contribute with it.

3. Any insurance proceeds available to Lessee/Applicant that are broader than or in excess of the specified minimum insurance coverage and/or limits shall be available to the District and ASCIP as additional insureds. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in the Contract or Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Named Insured, whichever is greater
4. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be cancelled, except after thirty (30) days prior written notice has been provided to the District.
5. Sports Associations should show evidence that their General Liability Policy contains Athletic Participant's Medical Expense coverage that will respond to injuries sustained by athletic participants.

### **Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A- VII, unless otherwise acceptable by District and admitted to do business in the state of California, or accepted by the Surplus Lines Association to do business in California.

### **Verification of Coverage**

Lessee/Applicant shall furnish the District with certificates and endorsements affecting coverage required by the agreement/contract. The endorsements are to be signed by the person authorized by that Insurer to bind coverage on its behalf. All endorsements are to be received and approved by the District before work commences. However, failure to do so shall not operate as a waiver of these insurance requirements.

### **Other Facilities Use Provisions**

All activities conducted on District property by Lessee/Applicant shall be at the risk of the Lessee/Applicant exclusively. To the fullest extent permitted by law, Lessee/Applicant shall indemnify and hold District, its officers, officials, agents, employees and volunteers harmless against any and all losses, damages, liability, claims, demands and causes of action arising out of or in any way connected with the use by the Lessee/Applicant of District property, including premises liability. Lessee/Applicant shall owe this indemnity obligation to District, its officers, agents and employees even if loss, damage, liability, claim, demand or cause of action resulted from District's alleged or actual negligent act or omission, regardless of whether such act or omission is active or passive. However, Lessee/Applicant shall not be obligated under this agreement to indemnify District with respect to the sole negligence or willful misconduct of District, its officers, agents or employees.

### **INDEMNIFICATION**

- a. Lessee/applicant shall defend, indemnify, and hold harmless ("Indemnification") the District, its trustees, officials, directors, officers, employees, and agents from and against all liabilities, losses, expenses, claims, actions, or judgments (including attorney fees) recovered or made against District for any damage, injury, or death to persons or damage to property caused by the negligent or intentional acts or omissions of Contractor, its officers, employees, agents, or subcontractors

related to Lessee/applicant's performance under this Contract. Lessee/applicant's Indemnification extends to conditions created by this Contract or based upon violation of any statute, ordinance, or regulation. This provision is in addition to any common law or statutory liability and indemnification rights available to District. Lessee/applicant's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents. District will promptly notify Lessee/applicant in writing of any such claim or demand to indemnify and shall cooperate with Contractor in a reasonable manner to defend such claim.

- b. Lessee/applicant shall defend, indemnify and hold harmless District, its officers, directors, agents, and employees from and against all claims, liabilities, losses, expenses, actions, or judgments (including attorneys' fees) that the Products or Work Product or that the District's use of the Products or Work Product infringe or misappropriate the intellectual property rights of any third party. This provision requires among other things that Lessee/applicant defend the District in any such action. Lessee/applicant's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents.

## **CHAPTER 8 – CHARTER SCHOOLS**

### **MINIMUM REQUIREMENTS**

#### **I. General Liability:**

- A. Commercial General Liability - \$5,000,000 per occurrence, \$10,000,000 aggregate For Bodily Injury, Personal and Advertising Injury and Property Damage.

If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01 10 93).

- B. Contractor's insurance to be primary and non-contributory.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.
- D. District to be named as "Additional Insured" by separate endorsement.
- E. Executed Indemnity and Hold Harmless Agreement or substantially similar provisions should be included in the bid specifications or contract.

#### **II. Automobile Liability:**

- A. \$1,000,000 per accident for Bodily Injury and Property Damage.
- B. Coverage to include "Owned, Non-Owned, and Hired" automobiles ("Any Autos").
- C. 30-day notice of intent to cancel, non-renew or make material change in coverage.

Coverage shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering Automobile Liability, Symbol 1 ("Any Autos").

#### **III. Workers' Compensation and Employer's Liability:**

- A. Certificate of Insurance indicating "statutory" limits, as required by the State of California.
- B. Employer's Liability - \$1,000,000 each accident for bodily injury by accident; \$1,000,000 each employee for bodily injury by disease; \$1,000,000 coverage period aggregate.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.

#### **IV. Property Insurance:**

##### **➤ Limit: Replacement Value**

- A. Certificate of Insurance evidencing coverage for all property owned and controlled by the Charter School which resides on the District's premise(s).

B. OPTIONAL: Some Districts have determined that when a Charter School has exclusive use of property it leases from the District, the Charter School should carry its own property insurance for the building(s) it occupies.

C. **Sample Language:** Charter School shall procure and maintain for the duration of the contract, "special form" or "all risks" property insurance coverage to insure against damage to real property which may arise from, or in connection with, Charter School's occupancy, use or maintenance of the property. Coverage shall be at full replacement cost. The cost of such insurance shall be borne by the Charter. The District shall be named as a "loss payee" by way of an endorsement on the policy when District property is leased to the Charter School.

**V. Sexual Abuse or Molestation Liability:**

- A. \$3,000,000 per occurrence, \$6,000,000 aggregate
- B. All other requirements as provided under "General Liability (b through e)" above.

**VI. Crime Insurance:**

- A. Money and Securities: \$1,000,000 per occurrence
- B. Forgery and Alteration: \$1,000,000 per occurrence
- C. Employee Dishonesty: \$1,000,000 per occurrence

**VII. Directors' and Officers' Liability/Educator's Legal Liability (ELL):**

- A. \$1,000,000 minimum limit per occurrence or claim, \$2,000,000 aggregate.
- B. All other requirements as provided under "General Liability (b through e)" above.

**OTHER INSURANCE PROVISIONS:**

**Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees and volunteers; or the Charter School shall provide a financial guarantee satisfactory to the District guaranteeing payment of losses and related investigations, claim administration and defense expenses.

**Other Provisions**

The Commercial General Liability and Automobile Liability policies are to contain, or be endorsed to contain, the following provisions:

- a. To the fullest extent permitted by law, the District, its officers, officials, employees and volunteers are to be covered as insureds as respects: liability arising out of work or operations performed by or on behalf of the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant.

- b. The District, its officers, officials, employees and volunteers are to be covered as insureds as respects to liability arising out of operations performed by or on behalf of the Charter School.
- c. The Charter School's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees or volunteers shall be excess of the Charter School's insurance and shall not contribute with it.
- d. Any insurance proceeds available to the Charter School that are broader than or in excess of the specified minimum insurance coverage and/or limits shall be available to the District as an additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in the Contract or Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Named Insured, whichever is greater.
- e. The property policy shall be endorsed to name the District as a Loss Payee if District property is leased to Charter School.

### **Notice of Cancellation**

Coverage required under this agreement shall not be cancelled or non-renewed without 30 days prior written notice from Charter School to the District.

### **Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A- VII, unless otherwise acceptable by District and admitted to do business in the state of California, or accepted by the Surplus Lines Association to do business in California.

### **Verification of Coverage**

Charter School shall furnish the District with certificates and endorsements affecting coverage required by the agreement/contract. The endorsements are to be signed by the person authorized by that Insurer to bind coverage on its behalf. All endorsements are to be received and approved by the District before work commences. However, failure to do so shall not operate as a waiver of these insurance requirements.

### **Waiver of Subrogation**

Charter School hereby grants to District a waiver of any right to subrogation which any insurer of said contractor may acquire against the District by virtue of the payment of any loss under such insurance. Charter School agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation.

### **Subcontractors**

Charter School shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A- VII, unless otherwise acceptable by District.

## **INDEMNIFICATION**

- a. Contractor shall defend, indemnify, and hold harmless ("Indemnification") the District, its trustees, officials, directors, officers, employees, and agents from and against all liabilities, losses, expenses, claims, actions, or judgments (including attorney fees) recovered or made against District for any damage, injury, or death to persons or damage to property caused by the negligent or intentional acts or omissions of Contractor, its officers, employees, agents, or subcontractors related to Contractor's performance under this Contract. Contractor's Indemnification extends to conditions created by this Contract or based upon violation of any statute, ordinance, or regulation. This provision is in addition to any common law or statutory liability and indemnification rights available to District. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents. District will promptly notify Contractor in writing of any such claim or demand to indemnify and shall cooperate with Contractor in a reasonable manner to defend such claim.
- b. Contractor shall defend, indemnify and hold harmless District, its officers, directors, agents, and employees from and against all claims, liabilities, losses, expenses, actions, or judgments (including attorneys' fees) that the Products or Work Product or that the District's use of the Products or Work Product infringe or misappropriate the intellectual property rights of any third party. This provision requires among other things that Contractor defend the District in any such action. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents.

## **CHAPTER 9 – SECURITY PERSONNEL**

### **MINIMUM REQUIREMENTS**

#### **I. General Liability:**

- A. Commercial General Liability with a \$1,000,000 per occurrence, \$2,000,000 aggregate For Bodily Injury, Personal and Advertising Injury and Property Damage. Such policy shall include coverage for assault and battery, false arrest and use of firearms (where applicable).

If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01).

NOTE: If security personnel carries firearms, the minimum limits shall be \$10,000,000 per occurrence and in the aggregate if applied separately to this contract, otherwise, the general aggregate limit shall be twice the required occurrence limit.

- B. Contractor's insurance to be primary and non-contributory.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.
- D. District to be named as "Additional Insured" by separate endorsement.
- E. Executed Indemnity and Hold Harmless Agreement or substantially similar provisions should be included in the bid specifications or contract.

#### **II. Automobile Liability:**

- A. \$1,000,000 per accident for Bodily Injury and Property Damage.
- B. Coverage to include "Owned, Non-Owned, and Hired" automobiles ("Any Autos").
- C. 30-day notice of intent to cancel, non-renew or make material change in coverage.

Coverage shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering Automobile Liability, Symbol 1 ("Any Autos").

#### **III. Workers' Compensation and Employer's Liability:**

- A. Certificate of Insurance indicating "statutory" limits, as required by the State of California.
- B. Employer's Liability - \$1,000,000 each accident for bodily injury by accident; \$1,000,000 each employee for bodily injury by disease; \$1,000,000 coverage period aggregate.
- C. 30-day notice of intent to cancel, non-renew, or make material change in coverage.

#### **IV. Crime Insurance:**

- A. Money and Securities: \$1,000,000 per occurrence

- B. Forgery and Alteration: \$1,000,000 per occurrence
- C. Employee Dishonesty: \$1,000,000 per occurrence

**V. Professional Liability:**

- A. \$1,000,000 per occurrence, \$2,000,000 aggregate - Errors & Omissions/Professional Liability.
- B. 30-day notice of intent to cancel, non-renew or make material change in coverage.
- C. Executed Indemnity and Hold Harmless Agreement or similar provision should be included in the Service Contract.

NOTE: Security personnel contracted to patrol "indoors" shall be required to carry a third party fidelity bond or a crime policy that is endorsed to cover third party property loss to protect the District against loss or theft of property from the dishonest act of employees of the firm.

**OTHER INSURANCE PROVISIONS:**

**Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees and volunteers; or the Contractor shall provide a financial guarantee satisfactory to the District guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

**Other Provisions**

1. The General Liability and Automobile Liability policies are to contain, or be endorsed to contain, the following provisions:
  - a. To the fullest extent permitted by law, the District, its officers, officials, employees, and volunteers are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the contractor; and with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General Liability coverage shall be provided in the form of an Additional Insured endorsement (CG 20 10 11 85 or equivalent) to the contractor's insurance policy, or as a separate owner's policy.
2. For any claims related to this project, the Contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
3. Any insurance proceeds available to Contractor that are broader than or in excess of the specified minimum insurance coverage and/or limits shall be available to the District as an additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in the Contract or Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Named Insured, whichever is greater.

## **Notice of Cancellation**

Coverage required under this agreement shall not be cancelled or non-renewed without 30 days prior written notice from contractor to the District.

## **Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A- VII, unless otherwise acceptable by District and admitted to do business in the state of California, or accepted by the Surplus Lines Association to do business in California.

## **Verification of Coverage**

Contractor shall furnish the District with certificates and endorsements affecting coverage required by the agreement/contract. The endorsements are to be signed by the person authorized by that Insurer to bind coverage on its behalf. All endorsements are to be received and approved by the District before work commences. However, failure to do so shall not operate as a waiver of these insurance requirements.

## **Waiver of Subrogation**

Contractor hereby grants to District a waiver of any right to subrogation which any insurer of said contractor may acquire against the District by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation.

## **Subcontractors**

Contractor shall require and verify that all subcontractors maintain insurance meeting all of the requirements stated herein.

## **INDEMNIFICATION**

- a. Contractor shall defend, indemnify, and hold harmless ("Indemnification") the District, its trustees, officials, directors, officers, employees, and agents from and against all liabilities, losses, expenses, claims, actions, or judgments (including attorney fees) recovered or made against District for any damage, injury, or death to persons or damage to property caused by the negligent or intentional acts or omissions of Contractor, its officers, employees, agents, or subcontractors related to Contractor's performance under this Contract. Contractor's Indemnification extends to conditions created by this Contract or based upon violation of any statute, ordinance, or regulation. This provision is in addition to any common law or statutory liability and indemnification rights available to District. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents. District will promptly notify Contractor in writing of any such claim or demand to indemnify and shall cooperate with Contractor in a reasonable manner to defend such claim.
- b. Contractor shall defend, indemnify and hold harmless District, its officers, directors, agents, and employees from and against all claims, liabilities, losses, expenses, actions, or judgments (including attorneys' fees) that the Products or Work Product or that the District's use of the Products or Work Product infringe or misappropriate the intellectual property rights of any third party. This provision requires among other things that Contractor defend the District in any such action. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents.

## **CHAPTER 10 – COMMERCIAL UNMANNED AERIAL VEHICLE (UAV) OWNERS AND/OR OPERATORS**

### **MINIMUM REQUIREMENTS**

#### **I. Aircraft Liability Insurance:**

The policy shall be written on an “occurrence” basis, and shall include coverage for bodily injury and property damage, personal and advertising injury, products-completed operations, and contractual liability, with limits of not less than \$1,000,000 per occurrence, and \$2,000,000 in the aggregate. This coverage may also be provided by endorsement.

If coverage is provided by way of an endorsement to the policy, the following shall apply:

- A. Owner's/Operator's insurance to be primary and non-contributory.
- B. 30-day notice of intent to cancel, non-renew, or make material change in coverage.
- C. District to be named an “Additional Insured” by separate endorsement.
- D. Executed Indemnity and Hold Harmless Agreement or substantially similar provisions should be included in the bid specifications or contract.

Note: Owners/Operators utilizing an Unmanned Aerial Vehicle for commercial use should follow Federal Aviation Administration (FAA) regulations. These regulations are subject to change. The Owner/Operator must obtain (as necessary):

- a) A Section 333 grant of exemption;
- b) A Certificate of Waiver of Authorization (COA);
- c) An aircraft registration with the FAA; and/or
- d) A pilot with an FAA airman certificate.

### **OTHER INSURANCE PROVISIONS:**

#### **Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to the District, its officers, officials, employees and volunteers; or the Contractor shall provide a financial guarantee satisfactory to the District guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

#### **Other Provisions**

The General Liability policies are to contain, or be endorsed to contain, the following provisions:

1. To the fullest extent permitted by law, the District, its officers, officials, employees, and volunteers are to be covered as insureds with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General Liability coverage shall be provided in the form of an Additional Insured endorsement (CG 20 10 11 85 or equivalent) to the contractor's insurance policy, or as a separate owner's policy.

2. For any claims related to this project, the Contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
3. Any insurance proceeds available to Contractor that are broader than or in excess of the specified minimum insurance coverage and/or limits shall be available to the District as an additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in the Contract or Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Named Insured, whichever is greater.

### **Notice of Cancellation**

Coverage required under this agreement shall not be canceled or non-renewed without 30 days prior written notice from contractor to the District.

### **Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A- VII, unless otherwise acceptable by District and admitted to do business in the state of California, or accepted by the Surplus Lines Association to do business in California.

### **Verification of Coverage**

Contractor shall furnish the District with certificates and endorsements affecting coverage required by the agreement/contract. The endorsements are to be signed by the person authorized by that Insurer to bind coverage on its behalf. All endorsements are to be received and approved by the District before work commences. However, failure to do so shall not operate as a waiver of these insurance requirements.

### **Waiver of Subrogation**

Contractor hereby grants to District a waiver of any right to subrogation which any insurer of said contractor may acquire against the District by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation.

### **Subcontractors**

Contractor shall require and verify that all subcontractors maintain insurance meeting all of the requirements stated herein.

## **INDEMNIFICATION**

- a. Contractor shall defend, indemnify, and hold harmless ("Indemnification") the District, its trustees, officials, directors, officers, employees, and agents from and against all liabilities, losses, expenses, claims, actions, or judgments (including attorney fees) recovered or made against District for any damage, injury, or death to persons or damage to property caused by the negligent or intentional acts or omissions of Contractor, its officers, employees, agents, or subcontractors related to Contractor's performance under this Contract. Contractor's Indemnification extends to conditions

created by this Contract or based upon violation of any statute, ordinance, or regulation. This provision is in addition to any common law or statutory liability and indemnification rights available to District. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents. District will promptly notify Contractor in writing of any such claim or demand to indemnify and shall cooperate with Contractor in a reasonable manner to defend such claim.

- b. Contractor shall defend, indemnify and hold harmless District, its officers, directors, agents, and employees from and against all claims, liabilities, losses, expenses, actions, or judgments (including attorneys' fees) that the Products or Work Product or that the District's use of the Products or Work Product infringe or misappropriate the intellectual property rights of any third party. This provision requires among other things that Contractor defend the District in any such action. Contractor's Indemnification of District shall not apply to damage, injury, or death caused by the sole negligence or willful misconduct of District, its officers, directors, employees, or agents.

## APPENDIX

- **A** - ACORD Certificate of Insurance (Standard Form)
- **B** - ACORD Certificate of Insurance (Annotated Form)
- **C** - Primary and Non-Contributory Endorsement - CG 20 01 04 13
- **D** - Additional Insured ISO Endorsements:
  - Owners, Lessees or Contractors – (FORM B) - CG 20 10 11 85
  - Owners, Lessees or Contractors – Scheduled Person or Organization - CG 20 10 04 13
  - Owners, Lessees or Contractors – Completed Operations – CG 20 37 04 13
- **E** - Waiver of Subrogation Endorsement - CG 24 04 05 09
- **F** – Bid Bond Form
- **G** – Performance Bond Form
- **H** – Payment Bond Form
- **I** - Installation Floater Form
- **J** - Guide to A.M Best Ratings

## Appendix A - Certificate of Insurance (Standard Form)



### CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERs NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER		CONTACT NAME:	
		PHONE (A/C, No, Ext):	FAX (A/C, No):
		E-MAIL ADDRESS:	
		INSURER(S) AFFORDING COVERAGE	
		NAIC #	
INSURED		INSURER A:	
		INSURER B:	
		INSURER C:	
		INSURER D:	
		INSURER E:	
		INSURER F:	

COVERAGE	CERTIFICATE NUMBER:	REVISION NUMBER:				
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
INSR LTY	TYPE OF INSURANCE	ADDL SUBR INSD WWD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY  CLAIMS-MADE <input type="checkbox"/> OCCUR					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ex occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMPOP ADD \$ \$
	GENL AGGREGATE LIMIT APPLIES PER:  POLICY <input type="checkbox"/> PROJECt <input type="checkbox"/> LOC OTHER					
	AUTOMOBILE LIABILITY  ANY AUTO ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS HIRED AUTOS <input type="checkbox"/> OWNED AUTOS					COMBINED SINGLE LIMIT (Ex accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB: <input type="checkbox"/> OCCUR EXCESS LIAB: <input type="checkbox"/> CLAIMS-MADE					EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> (Mandatory In N.H.) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N N / A				PER STATUTE \$ E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 161, Additional Remarks Schedule, may be attached if more space is required)

#### CERTIFICATE HOLDER

#### CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

## Appendix B - Certificate of Insurance (Annotated Form)

**2** *This notice confirms the provisions of the California Insurance Code, §384. Other states have similar provisions. It states that the policy, not the certificate governs coverage.*

CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY)
<p>provisions of the California Insurance Code, §384. Other states have similar provisions. It states that the policy, not the certificate governs coverage.</p> <p>IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERs NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS IS NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES. THE CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED OR PRODUCER, AND THE CERTIFICATE HOLDER.</p> <p>certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. IF SUBROGATION IS WAIVED, subject to terms of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the lieu of such endorsement(s).</p>		
<b>PRODUCER</b> <div style="border: 1px solid black; padding: 5px;"> <p><i>This block identifies the Agent or Broker.</i></p> </div>		<b>CONTACT NAME:</b> <b>PHONE (A/C, No. Ext.):</b> <b>E-MAIL ADDRESS:</b> <b>FAX (A/C, No.):</b>
<b>INSURED</b> <div style="border: 1px solid black; padding: 5px;"> <p><i>The insured is your entity's contractor or lessee.</i></p> </div>		<b>INSURER(S) AFFORDING COVERAGE</b> <b>INSURER A:</b> <b>INSURER B:</b> <b>INSURER C:</b> <b>INSURER D:</b> <b>INSURER E:</b> <b>INSURER F:</b>
<b>COVERAGEs</b> <p>THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES LISTED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN HAVE BEEN REDUCED BY PAID CLAIMS.</p>		<b>INSURER LTR</b> <b>TYPE OF INSURANCE</b> <b>ACORD SUBR INSD WVD</b> <b>PO</b> <b>LIMITS</b>
<div style="border: 1px solid black; padding: 5px;"> <p><b>*3</b> COMMERCIAL GENERAL LIABILITY  <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR</p> <p>GEN'L AGGREGATE LIMIT APPLIES PER:  <input type="checkbox"/> POLICY <input type="checkbox"/> PROJ-  <input type="checkbox"/> LOC  <input type="checkbox"/> OTHER</p> <p>AUTOMOBILE LIABILITY  <input type="checkbox"/> ANY AUTO  <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS  <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS</p> <p>UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE</p> <p>DED <input type="checkbox"/> RETENTION \$</p> <p>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY  <input type="checkbox"/> ANY PROPRIETOR/PARTNER/EXECUTIVE  <input type="checkbox"/> OFFICER/MEMBER EXCLUDED?  <small>(Mandatory in NH)</small>  <small>If yes, describe under DESCRIPTION OF OPERATIONS below</small></p> </div>		<b>5</b> <i>This notice again states that the policy supersedes the certificate form.</i> <b>6</b> <i>These sections show the type of coverage provided through the agent or broker identified in "1" above. If the insured uses more than one broker, this certificate will not identify all existing.</i> <b>7</b> <i>These two columns show inception and expiration dates for policies identified. Pay special attention that coverage does not expire before or during your project or lease.</i>
<p>DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 191, Additional Remarks Schedule, may be attached)</p>		<p><b>9</b> <i>This section will usually be used to restrict coverage to a specific job or lease. Watch for restrictions that would omit the coverage required by your specifications.</i></p>
<b>CERTIFICATE HOLDER</b> <div style="border: 1px solid black; padding: 5px;"> <p><i>Certificate holder is your entity.</i></p> </div>		<b>CANCELLATION</b> <p>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE HEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.</p>
<b>AUTHORIZED REPRESENTATIVE</b>		<b>Cancellation provisions</b> <p><b>10</b></p> <p><b>11</b></p> <p><b>12</b></p> <p><i>The authorized representative of the insurer should be an employee, unless the agent or broker is specifically authorized to act on behalf of the insurer.</i></p>

**Appendix C - Primary and Noncontributory**  
*Reproduction of Insurance Services Office, Inc. Form*

COMMERCIAL GENERAL LIABILITY  
CG 20 01 04 13

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**PRIMARY AND NONCONTRIBUTORY –  
OTHER INSURANCE CONDITION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following is added to the **Other Insurance** Condition and supersedes any provision to the contrary:

**Primary And Noncontributory Insurance**

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

**(1)** The additional insured is a Named Insured under such other insurance; and

**(2)** You have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.

**Appendix D - Additional Insured ISO Endorsements**  
*Reproduction of Insurance Services Office, Inc. Form*

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADDITIONAL INSURED – OWNERS, LESSEES OR  
CONTRACTORS – (FORM B)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

**SCHEDULE**

Name of Person or Organization:

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" for that insured by or for you.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY  
CG 20 10 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)	Location(s) Of Covered Operations

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:**

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

**C.** With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or

2. Available under the applicable Limits of Insurance shown in the Declarations; whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY  
CG 20 37 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

### SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)	Location And Description Of Completed Operations

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the Schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

**Appendix E - Waiver of Subrogation Endorsement**  
*Reproduction of Insurance Services Office, Inc. Form*

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY  
CG 24 04 05 09

**WAIVER OF TRANSFER OF RIGHTS OF RECOVERY  
AGAINST OTHERS TO US**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**SCHEDULE**

**Name Of Person Or Organization:**

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph 8. Transfer Of  
Rights Of Recovery Against Others To Us of  
Section IV – Conditions:

We waive any right of recovery we may have against  
the person or organization shown in the Schedule  
above because of payments we make for injury or  
damage arising out of your ongoing operations or  
"your work" done under a contract with that person  
or organization and included in the "products-  
completed operations hazard". This waiver applies  
only to the person or organization shown in the  
Schedule above.

## Appendix F - Bid Bond Form

# Document A310™ – 2010

Conforms with The American Institute of Architects AIA Document 310

### **Bid Bond**

**CONTRACTOR:***(Name, legal status and address)***SURETY:***(Name, legal status and principal place of business)*

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

**Mailing Address for Notices****OWNER:***(Name, legal status and address)*

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

, US|

**BOND AMOUNT: \$****PROJECT:***(Name, location or address, and Project number, if any)*

The Contractor and Surety are bound to the Owner in the amount set forth above, for the payment of which the Contractor and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as provided herein. The conditions of this Bond are such that if the Owner accepts the bid of the Contractor within the time specified in the bid documents, or within such time period as may be agreed to by the Owner and Contractor, and the Contractor either (1) enters into a contract with the Owner in accordance with the terms of such bid, and gives such bond or bonds as may be specified in the bidding or Contract Documents, with a surety admitted in the jurisdiction of the Project and otherwise acceptable to the Owner, for the faithful performance of such Contract and for the prompt payment of labor and material furnished in the prosecution thereof; or (2) pays to the Owner the difference, not to exceed the amount of this Bond, between the amount specified in said bid and such larger amount for which the Owner may in good faith contract with another party to perform the work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect. The Surety hereby waives any notice of an agreement between the Owner and Contractor to extend the time in which the Owner may accept the bid. Waiver of notice by the Surety shall not apply to any extension exceeding sixty (60) days in the aggregate beyond the time for acceptance of bids specified in the bid documents, and the Owner and Contractor shall obtain the Surety's consent for an extension beyond sixty (60) days.

If this Bond is issued in connection with a subcontractor's bid to a Contractor, the term Contractor in this Bond shall be deemed to be Subcontractor and the term Owner shall be deemed to be Contractor.

When this Bond has been furnished to comply with a statutory or other legal requirement in the location of the Project, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. When so furnished, the intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

Signed and sealed this \_\_\_\_\_ day of \_\_\_\_\_

*(Principal)**(Seal)**(Witness)**By:**(Title)**(Surety)**(Seal)**(Witness)**By:**(Title)**, Attorney-in-Fact**Surety Phone No.*

## Appendix G - Performance Bond Form

# Document A312™ – 2010

Conforms with The American Institute of Architects AIA Document 312

### Performance Bond

**CONTRACTOR:**  
(Name, legal status and address)

**SURETY:**  
(Name, legal status and principal place of business)

Mailing Address for Notices

**OWNER:**  
(Name, legal status and address)

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

#### CONSTRUCTION CONTRACT

Date:

Amount: \$

Description:  
(Name and location)

#### BOND

Date:

(Not earlier than Construction Contract Date)

Amount: \$

Modifications to this Bond:  None  See Section 16

**CONTRACTOR AS PRINCIPAL**  
Company: *(Corporate Seal)*

**SURETY**  
Company: *(Corporate Seal)*

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name  
and Title: \_\_\_\_\_

Name  
and Title: \_\_\_\_\_

(Any additional signatures appear on the last page of this Performance Bond.)

(FOR INFORMATION ONLY — Name, address and telephone)

**AGENT or BROKER:**

**OWNER'S REPRESENTATIVE:**  
(Architect, Engineer or other party)

**§ 1** The Contractor and Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner for the performance of the Construction Contract, which is incorporated herein by reference.

**§ 2** If the Contractor performs the Construction Contract, the Surety and the Contractor shall have no obligation under this Bond, except when applicable to participate in a conference as provided in Section 3.

**§ 3** If there is no Owner Default under the Construction Contract, the Surety's obligation under this Bond shall arise after

- .1 the Owner first provides notice to the Contractor and the Surety that the Owner is considering declaring a Contractor Default. Such notice shall indicate whether the Owner is requesting a conference among the Owner, Contractor and Surety to discuss the Contractor's performance. If the Owner does not request a conference, the Surety may, within five (5) business days after receipt of the Owner's notice, request such a conference. If the Surety timely requests a conference, the Owner shall attend. Unless the Owner agrees otherwise, any conference requested under this Section 3.1 shall be held within ten (10) business days of the Surety's receipt of the Owner's notice. If the Owner, the Contractor and the Surety agree, the Contractor shall be allowed a reasonable time to perform the Construction Contract, but such an agreement shall not waive the Owner's right, if any, subsequently to declare a Contractor Default;
- .2 the Owner declares a Contractor Default, terminates the Construction Contract and notifies the Surety; and
- .3 the Owner has agreed to pay the Balance of the Contract Price in accordance with the terms of the Construction Contract to the Surety or to a contractor selected to perform the Construction Contract.

**§ 4** Failure on the part of the Owner to comply with the notice requirement in Section 3.1 shall not constitute a failure to comply with a condition precedent to the Surety's obligations, or release the Surety from its obligations, except to the extent the Surety demonstrates actual prejudice.

**§ 5** When the Owner has satisfied the conditions of Section 3, the Surety shall promptly and at the Surety's expense take one of the following actions:

**§ 5.1** Arrange for the Contractor, with the consent of the Owner, to perform and complete the Construction Contract;

**§ 5.2** Undertake to perform and complete the Construction Contract itself, through its agents or independent contractors;

**§ 5.3** Obtain bids or negotiated proposals from qualified contractors acceptable to the Owner for a contract for performance and completion of the Construction Contract, arrange for a contract to be prepared for execution by the Owner and a contractor selected with the Owner's concurrence, to be secured with performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the Construction Contract, and pay to the Owner the amount of damages as described in Section 7 in excess of the Balance of the Contract Price incurred by the Owner as a result of the Contractor Default; or

**§ 5.4** Waive its right to perform and complete, arrange for completion, or obtain a new contractor and with reasonable promptness under the circumstances:

- .1 After investigation, determine the amount for which it may be liable to the Owner and, as soon as practicable after the amount is determined, make payment to the Owner; or
- .2 Deny liability in whole or in part and notify the Owner, citing the reasons for denial.

**§ 6** If the Surety does not proceed as provided in Section 5 with reasonable promptness, the Surety shall be deemed to be in default on this Bond seven days after receipt of an additional written notice from the Owner to the Surety demanding that the Surety perform its obligations under this Bond, and the Owner shall be entitled to enforce any remedy available to the Owner. If the Surety proceeds as provided in Section 5.4, and the Owner refuses the payment or the Surety has denied liability, in whole or in part, without further notice the Owner shall be entitled to enforce any remedy available to the Owner.

**§ 7** If the Surety elects to act under Section 5.1, 5.2 or 5.3, then the responsibilities of the Surety to the Owner shall not be greater than those of the Contractor under the Construction Contract, and the responsibilities of the Owner to the Surety shall not be greater than those of the Owner under the Construction Contract. Subject to the commitment by the Owner to pay the Balance of the Contract Price, the Surety is obligated, without duplication, for

- .1 the responsibilities of the Contractor for correction of defective work and completion of the Construction Contract;
- .2 additional legal, design professional and delay costs resulting from the Contractor's Default, and resulting from the actions or failure to act of the Surety under Section 5; and
- .3 liquidated damages, or if no liquidated damages are specified in the Construction Contract, actual damages caused by delayed performance or non-performance of the Contractor.

**§ 8** If the Surety elects to act under Section 5.1, 5.3 or 5.4, the Surety's liability is limited to the amount of this Bond.

**§ 9** The Surety shall not be liable to the Owner or others for obligations of the Contractor that are unrelated to the Construction Contract, and the Balance of the Contract Price shall not be reduced or set off on account of any such unrelated obligations. No right of action shall accrue on this Bond to any person or entity other than the Owner or its heirs, executors, administrators, successors and assigns.

**§ 10** The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.

**§ 11** Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two years after a declaration of Contractor Default or within two years after the Contractor ceased working or within two years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

**§ 12** Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the page on which their signature appears.

**§ 13** When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. When so furnished, the intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

#### **§ 14 Definitions**

**§ 14.1 Balance of the Contract Price.** The total amount payable by the Owner to the Contractor under the Construction Contract after all proper adjustments have been made, including allowance to the Contractor of any amounts received or to be received by the Owner in settlement of insurance or other claims for damages to which the Contractor is entitled, reduced by all valid and proper payments made to or on behalf of the Contractor under the Construction Contract.

**§ 14.2 Construction Contract.** The agreement between the Owner and Contractor identified on the cover page, including all Contract Documents and changes made to the agreement and the Contract Documents.

**§ 14.3 Contractor Default.** Failure of the Contractor, which has not been remedied or waived, to perform or otherwise to comply with a material term of the Construction Contract.

**§ 14.4 Owner Default.** Failure of the Owner, which has not been remedied or waived, to pay the Contractor as required under the Construction Contract or to perform and complete or comply with the other material terms of the Construction Contract.

**§ 14.5 Contract Documents.** All the documents that comprise the agreement between the Owner and Contractor.

**§ 15** If this Bond is issued for an agreement between a Contractor and subcontractor, the term Contractor in this Bond shall be deemed to be Subcontractor and the term Owner shall be deemed to be Contractor.

§ 16 Modifications to this bond are as follows:

*(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)*

**CONTRACTOR AS PRINCIPAL**

Company: \_\_\_\_\_ *(Corporate Seal)*

**SURETY**

Company: \_\_\_\_\_ *(Corporate Seal)*

Signature: \_\_\_\_\_

Name and Title: \_\_\_\_\_  
Address \_\_\_\_\_

Signature: \_\_\_\_\_

Name and Title: \_\_\_\_\_  
Address \_\_\_\_\_

## Appendix H - Payment Bond Form

# Document A312™ – 2010

Conforms with The American Institute of Architects AIA Document 312

### Payment Bond

**CONTRACTOR:**  
(Name, legal status and address)

**SURETY:**  
(Name, legal status and principal place of business)

**OWNER:**  
(Name, legal status and address)

#### Mailing Address for Notices

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

#### CONSTRUCTION CONTRACT

Date:

Amount: \$

Description:  
(Name and location)

#### BOND

Date:

(Not earlier than Construction Contract Date)

Amount: \$

Modifications to this Bond:  None  See Section 18

#### CONTRACTOR AS PRINCIPAL

Company: *(Corporate Seal)*

#### SURETY

Company: *(Corporate Seal)*

Signature: \_\_\_\_\_  
Name and Title: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name and Title: \_\_\_\_\_

(Any additional signatures appear on the last page of this Payment Bond.)

(FOR INFORMATION ONLY — Name, address and telephone)

**AGENT or BROKER:**

**OWNER'S REPRESENTATIVE:**  
(Architect, Engineer or other party.)

**§ 1** The Contractor and Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner to pay for labor, materials and equipment furnished for use in the performance of the Construction Contract, which is incorporated herein by reference, subject to the following terms.

**§ 2** If the Contractor promptly makes payment of all sums due to Claimants, and defends, indemnifies and holds harmless the Owner from claims, demands, liens or suits by any person or entity seeking payment for labor, materials or equipment furnished for use in the performance of the Construction Contract, then the Surety and the Contractor shall have no obligation under this Bond.

**§ 3** If there is no Owner Default under the Construction Contract, the Surety's obligation to the Owner under this Bond shall arise after the Owner has promptly notified the Contractor and the Surety (at the address described in Section 13) of claims, demands, liens or suits against the Owner or the Owner's property by any person or entity seeking payment for labor, materials or equipment furnished for use in the performance of the Construction Contract and tendered defense of such claims, demands, liens or suits to the Contractor and the Surety.

**§ 4** When the Owner has satisfied the conditions in Section 3, the Surety shall promptly and at the Surety's expense defend, indemnify and hold harmless the Owner against a duly tendered claim, demand, lien or suit.

**§ 5** The Surety's obligations to a Claimant under this Bond shall arise after the following:

**§ 5.1** Claimants, who do not have a direct contract with the Contractor,

- .1 have furnished a written notice of non-payment to the Contractor, stating with substantial accuracy the amount claimed and the name of the party to whom the materials were, or equipment was, furnished or supplied or for whom the labor was done or performed, within ninety (90) days after having last performed labor or last furnished materials or equipment included in the Claim; and
- .2 have sent a Claim to the Surety (at the address described in Section 13).

**§ 5.2** Claimants, who are employed by or have a direct contract with the Contractor, have sent a Claim to the Surety (at the address described in Section 13).

**§ 6** If a notice of non-payment required by Section 5.1.1 is given by the Owner to the Contractor, that is sufficient to satisfy a Claimant's obligation to furnish a written notice of non-payment under Section 5.1.1.

**§ 7** When a Claimant has satisfied the conditions of Sections 5.1 or 5.2, whichever is applicable, the Surety shall promptly and at the Surety's expense take the following actions:

**§ 7.1** Send an answer to the Claimant, with a copy to the Owner, within sixty (60) days after receipt of the Claim, stating the amounts that are undisputed and the basis for challenging any amounts that are disputed; and

**§ 7.2** Pay or arrange for payment of any undisputed amounts.

**§ 7.3** The Surety's failure to discharge its obligations under Section 7.1 or Section 7.2 shall not be deemed to constitute a waiver of defenses the Surety or Contractor may have or acquire as to a Claim, except as to undisputed amounts for which the Surety and Claimant have reached agreement. If, however, the Surety fails to discharge its obligations under Section 7.1 or Section 7.2, the Surety shall indemnify the Claimant for the reasonable attorney's fees the Claimant incurs thereafter to recover any sums found to be due and owing to the Claimant.

**§ 8** The Surety's total obligation shall not exceed the amount of this Bond, plus the amount of reasonable attorney's fees provided under Section 7.3, and the amount of this Bond shall be credited for any payments made in good faith by the Surety.

**§ 9** Amounts owed by the Owner to the Contractor under the Construction Contract shall be used for the performance of the Construction Contract and to satisfy claims, if any, under any construction performance bond. By the Contractor furnishing and the Owner accepting this Bond, they agree that all funds earned by the Contractor in the performance of the Construction Contract are dedicated to satisfy obligations of the Contractor and Surety under this Bond, subject to the Owner's priority to use the funds for the completion of the work.

**§ 10** The Surety shall not be liable to the Owner, Claimants or others for obligations of the Contractor that are unrelated to the Construction Contract. The Owner shall not be liable for the payment of any costs or expenses of any Claimant under this Bond, and shall have under this Bond no obligation to make payments to, or give notice on behalf of, Claimants or otherwise have any obligations to Claimants under this Bond.

**§ 11** The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.

**§ 12** No suit or action shall be commenced by a Claimant under this Bond other than in a court of competent jurisdiction in the state in which the project that is the subject of the Construction Contract is located or after the expiration of one year from the date (1) on which the Claimant sent a Claim to the Surety pursuant to Section 5.1.2 or 5.2, or (2) on which the last labor or service was performed by anyone or the last materials or equipment were furnished by anyone under the Construction Contract, whichever of (1) or (2) first occurs. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

**§ 13** Notice and Claims to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the page on which their signature appears. Actual receipt of notice or Claims, however accomplished, shall be sufficient compliance as of the date received.

**§ 14** When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. When so furnished, the intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

**§ 15** Upon request by any person or entity appearing to be a potential beneficiary of this Bond, the Contractor and Owner shall promptly furnish a copy of this Bond or shall permit a copy to be made.

#### **§ 16 Definitions**

**§ 16.1 Claim.** A written statement by the Claimant including at a minimum:

- .1 the name of the Claimant;
- .2 the name of the person for whom the labor was done, or materials or equipment furnished;
- .3 a copy of the agreement or purchase order pursuant to which labor, materials or equipment was furnished for use in the performance of the Construction Contract;
- .4 a brief description of the labor, materials or equipment furnished;
- .5 the date on which the Claimant last performed labor or last furnished materials or equipment for use in the performance of the Construction Contract;
- .6 the total amount earned by the Claimant for labor, materials or equipment furnished as of the date of the Claim;
- .7 the total amount of previous payments received by the Claimant; and
- .8 the total amount due and unpaid to the Claimant for labor, materials or equipment furnished as of the date of the Claim.

**§ 16.2 Claimant.** An individual or entity having a direct contract with the Contractor or with a subcontractor of the Contractor to furnish labor, materials or equipment for use in the performance of the Construction Contract. The term Claimant also includes any individual or entity that has rightfully asserted a claim under an applicable mechanic's lien or similar statute against the real property upon which the Project is located. The intent of this Bond shall be to include without limitation in the terms "labor, materials or equipment" that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental equipment used in the Construction Contract, architectural and engineering services required for performance of the work of the Contractor and the Contractor's subcontractors, and all other items for which a mechanic's lien may be asserted in the jurisdiction where the labor, materials or equipment were furnished.

**§ 16.3 Construction Contract.** The agreement between the Owner and Contractor identified on the cover page, including all Contract Documents and all changes made to the agreement and the Contract Documents.

**§ 16.4 Owner Default.** Failure of the Owner, which has not been remedied or waived, to pay the Contractor as required under the Construction Contract or to perform and complete or comply with the other material terms of the Construction Contract.

**§ 16.5 Contract Documents.** All the documents that comprise the agreement between the Owner and Contractor.

**§ 17** If this Bond is issued for an agreement between a Contractor and subcontractor, the term Contractor in this Bond shall be deemed to be Subcontractor and the term Owner shall be deemed to be Contractor.

**§ 18** Modifications to this bond are as follows:

*(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)*

**CONTRACTOR AS PRINCIPAL**

Company:

*(Corporate Seal)*

**SURETY**

Company:

*(Corporate Seal)*

Signature:

Name and Title:

Address

Signature:

Name and Title:

Address

## Appendix I - Installation Floater Form



Essex Insurance Company

### INSTALLATION FLOATER FORM

#### INSTALLATION FLOATER FORM

TERMS IN BOLD HAVE BEEN DEFINED IN THIS POLICY. PLEASE REVIEW ALL DEFINITIONS AS THEY AFFECT THE COVERAGE PROVIDED BY THIS POLICY.

#### I. INSURING CLAUSE

We will pay for loss to **Covered Property** from any one occurrence caused by a **Covered Cause of Loss**, during the coverage period.

#### II. COVERED PROPERTY

Materials and supplies which are **your property** or the property of others while in your custody and control, or the custody or control of **your contractors** or sub-contractors within the 48 contiguous United States, Canada and the District of Columbia for installation, fabrication or erection at a **job site**

If a limit of insurance is shown in the Declarations for the applicable coverage, this policy insures:

- A. while the **covered property** is at the job site until acceptance by **your customer**, or **your interest** in the work ends, whichever occurs first
- B. while the **covered property** is in the **due course of transit**
- C. while the **covered property** is held by **you** in temporary storage, up to 30 days, while awaiting installation, fabrication or erection.

#### III. PROPERTY NOT COVERED

**Covered Property** will not include:

- A. Automobiles, motorized vehicles or motorcycles intended for road use, aircraft or watercraft;

B. Property while in the course of manufacture;

C. Personal property in or on the **covered property**

D. Property while being shipped by U.S. mail or any expedited delivery service.

E. Improvements and betterments of buildings

F. Furniture, fixtures, supplies, equipment or any other personal property used by **you** in the operation of your business or used by your contractors or subcontractors in their business.

G. Blue prints, designs or other documents or records.

H. Property otherwise covered under this policy will not be covered while the property is waterborne or on a waterborne conveyance.

#### IV. COVERED CAUSE OF LOSS

Loss caused by any external cause, except as otherwise excluded in paragraph V.

#### V. PERILS EXCLUDED

This policy does not insure against loss which is caused by, or arises in or from any of the following, whether or not there are any other contributing causes which would otherwise be covered by this policy:

- A. Wear and tear, inherent vice, latent defect, gradual deterioration, rust, corrosion, insects, vermin, dampness of atmosphere, humidity, freezing or extremes of temperature, mechanical breakdown.
- B. Delay, loss of market, loss of market value, loss of use, interruption of business, any consequential loss beyond the direct physical loss to **covered property**.

**C.** Fault, defect, error or omission in design, plan or specifications.

**D.** Electrical injury or disturbances to electrical appliances, wiring or devices, caused by artificially generated electrical currents unless fire ensues, and then only for loss caused by the ensuing fire.

**E.** Unexplained loss, mysterious disappearance or any loss where there is no physical explanation of what happened to the **covered property**, or shortage disclosed upon taking regular and systematic inventory.

**F.** Criminal acts, infidelity or dishonesty by you, your authorized representatives or any person or persons in your employ or service, or their agents, whether or not such act or acts occurred during the regular hours of employment or service, or any person or persons to whom you or your authorized representatives, including employees and servants, entrusts the property.

**G.** Earthquake, volcanic eruption, landslide, or other earth movement.

**H.** Voluntary parting with title or possession of any **covered property** by the Insured or others to whom the **covered property** may be entrusted whether or not induced to do so by any fraudulent scheme, trick, device or false pretense.

**I.** Rain, snow, or sleet, whether wind driven or not.

**J.** Any legal proceeding or order of any civil authority.

**K.** Water damage caused by, contributed to or aggravated by any of the following:

1. Flood, surface water, rising waters, waves, tides or tidal waves, storm surge, overflow of any body of water or their spray, all whether driven by rain or not;
2. Mudslide or mudflow
3. Water which backs up from any sewer or drain; or Water that seeps, leaks or flows from below the surface of the ground.

**L.** Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack:

1. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or
2. by military, naval or air forces; or
3. by an agent of any such government, power, authority or forces.

**M.** Use of any weapon of war employing atomic fission or radioactive force whether in time of peace or war.

**N.** Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulation, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

**O.** Nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy; however, subject to the foregoing and all provisions of this policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy.

**P.** Release or discharge or dispersal of toxic or hazardous substances, contaminants or pollutants, including the cost to remove, dispose, decontaminate or replace **covered property** which has been or may be contaminated by toxic or hazardous substances, contaminants or pollutants, whether or not required by law or civil authority to be restored, disposed of or decontaminated.

**Q.** Organic pathogen, meaning any organic irritant or contaminant, including but not limited to fungus, bacteria, virus, or other

er microorganism of any type including but not limited to their byproducts such as spores or mycotoxin, or any hazardous substances as classified by the EPA.

#### VI. VALUATION

The value of **Covered Property** will be the least of the following, subject to the coinsurance provision set forth in paragraph VII:

- A. The actual cash value of the **Covered Property**, including your labor and material costs incurred up to the date of loss.
- B. The cost of reasonably restoring the **Covered Property** to its condition immediately before the loss, not including diminished value.
- C. Your cost to replace the **Covered Property** with substantially identical property.
- D. The amount set forth on the Declarations for the **Covered Property** for the applicable loss.

VII. **100% Coinsurance.** We shall not be liable under this policy for loss to covered property for a greater percentage of the loss than the respective limit(s) applicable under this policy bears to the total value of the covered property in **due course of transit** or at the **Job site** or in temporary storage at the time of the loss, whether or not it is damaged or lost.

#### VIII. DEDUCTIBLE

Each claim resulting from any one **occurrence** shall be adjusted separately and from each adjusted claim or the applicable limit, whichever is less, the sum stated under **Deductible Amount** shown in Paragraph IV of the Declarations shall be deducted. We shall have no obligations under this form until the claim exceeds the deductible.

#### IX. SPECIAL CONDITIONS

In addition to the conditions set forth in the **Inland Marine Conditions** form, the following additional conditions apply to this policy form.

- A. **Claims Against Others.** You must promptly make claim in writing against any other party which had custody of the **Covered Property** at the time of loss.
- B. **Released Values.** In consideration of the premium paid herein you are authorized to accept, prior to shipment, bills of lading with released valuation

#### X. DEFINITIONS

- A. **"Due Course of Transit"** - From the time the covered property is placed in a vehicle and the vehicle commences continual movement for direct transportation and continuing while the covered property is actually moving to the **Job site**, including reasonable, ordinary and customary stops.
- B. **"Job Site"** - The physical location where you will install, fabricate or erect the covered property.
- C. **"Loss"** - means direct and accidental physical damage or loss.
- D. **"Occurrence"** - means loss which is attributable, directly or indirectly, to one cause or to one series of similar causes, or continuous or repeated exposure to substantially the same general harmful conditions.
- E. **"We" "Us" and "Our"** - mean the company providing the insurance which is identified on the declarations page.
- F. **"You" and "Your" and "Insured"** - mean the person or organization shown as the named insured in the Declarations.

## APPENDIX J - GUIDE TO A.M. BEST RATING

### Guide to Best Ratings

#### Rating Levels and Categories

LEVEL	CATEGORY	Financial Size Categories (In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)			
A++, A+	Superior	FSC I	Up to 1,000	FSC IX	250,000 to 500,000
A, A-	Excellent	FSC II	1,000 to 2,000	FSC X	500,000 to 750,000
B++, B+	Good	FSC III	2,000 to 5,000	FSC XI	750,000 to 1,00,000
B, B-	Fair	FSC IV	5,000 to 10,000	FSC XII	1,000,000 to 1,250,000
C++, C+	Marginal	FSC V	10,000 to 25,000	FSC XIII	1,250,000 to 1,500,000
C, C-	Weak	FSC VI	25,000 to 50,000	FSC XIV	1,500,000 to 2,000,000
D	Poor	FSC VII	50,000 to 100,000	FSC XV	2,000,000 or more
E	Under Regulatory Supervision	FSC VIII	100,000 to 250,000		
F	In Liquidation				
S	Suspended				

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. View the A.M. Best Important Notice: Best's Credit Ratings for a disclaimer notice and complete details at <http://www.ambest.com/ratings/notice>.

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## GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS

A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.

### Best's Financial Strength Ratings

	Rating	Descriptor	Definition
Secure	A++, A+	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
	A, A-	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
	B++, B+	Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
Vulnerable	B, B-	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C++, C+	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C, C-	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
	D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.
	E	Under Regulatory Supervision	Assigned to companies (and possibly their subsidiaries/affiliates) placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal, ongoing insurance operations.
	F	In Liquidation	Assigned to companies placed in liquidation by a court of law or by a forced liquidation.
	S	Suspended	Assigned to rated companies when sudden and significant events impact operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements.

### Rating Modifiers

Modifier	Descriptor	Definition
u	Under Review	Indicates the rating may change in the near term, typically within six months. Generally is event driven, with positive, negative or developing implications.
pd	Public Data	Indicates rating assigned to insurer that chose not to participate in A.M. Best's interactive rating process. (Discontinued in 2010)
s	Syndicate	Indicates rating assigned to a Lloyd's syndicate.

### Rating Outlooks

Indicates potential direction of a Best's Financial Strength Rating over an intermediate term, generally defined as 12 to 36 months.

Positive	Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.
Negative	Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.
Stable	Indicates low likelihood of a rating change due to stable financial/market trends.

### Under Review Implications

Indicates the potential direction of a Best's Financial Strength Rating that is in Under Review status based on information currently available.

Positive	Indicates there is a reasonable likelihood the company's rating will be raised as a result of A.M. Best's analysis of a recent event.
Negative	Indicates there is a reasonable likelihood the company's rating will be lowered as a result of A.M. Best's analysis of a recent event.
Developing	Indicates there is uncertainty as to the final rating outcome, but there is a reasonable likelihood the company's rating will change as a result of A.M. Best's analysis of a recent event.

### Not Rated Designation

NR: Assigned to companies that are not rated by A.M. Best.

### Rating Disclosure

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Best's Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best's Terms of Use at [www.ambest.com](http://www.ambest.com).

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