

ADM.21

**INSURANCE AND INDEMNITY REQUIREMENTS
FOR CONTRACTS**



Washington Cities Insurance Authority

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INTRODUCTION

The insurance and indemnification manual serves as a guide in developing proper insurance requirements in contracts. These samples illustrate insurance requirements for contracts with contractors, tenants, consultants and users of public property. The certificate of insurance section advises on what to look for in insurance certificates you receive.

Risk Management is more of an art than a science, and therefore, although these samples will provide guidance in most instances to the user, there will also no doubt be exceptions to the requirements contained herein. If the user encounters situations that fall outside of the sample recommendations, please call your Risk Management Representative at the Authority.

Remember that the \$1 million shown on these exhibits is a minimum limit. Higher limits should be required for any activity that has a severe loss potential. To assist in determining proper limits determine how much damage the contractor can cause to person or property if they totally botched their work. Consider the loss exposure and not the value of the contract in determining appropriate liability limits.

One question commonly asked is if we can lower the insurance limits when dealing with small contractors or users of our public property. Unfortunately you should not, as these are the very people or organizations from whom you want adequate insurance limits. The smaller contractors do not have the assets needed to indemnify your entity in case of a serious underinsured loss. There are many risk management examples with stories of entities who allow under-insurance because a job being done was small, only to have a large uninsured loss that the entity had to absorb.

April 2011 Changes

Listed below are the changes to the Insurance and Indemnity Requirements for Contracts manual since the last release:

1. Exhibit I, Construction and Service Contracts, no limitation and Exhibit III, Construction Projects, No Limitation: Expanded to include coverage scope.
2. Exhibit I, Construction and Service Contracts and Exhibit III, Construction Projects, A. Minimum Scope of Insurance 2. Commercial General Liability: Insurance aggregate per project endorsement modified to include equivalent endorsements.
3. Exhibit I, Construction and Service Contracts, F. Subcontractors and Exhibit III, Construction Projects, H. Subcontractors: Changes the insurance requirement for subcontractors to coverage and limits determined by the general contractor. Previously required same limits and coverage for subcontractors. This makes it easier to allow higher limits for general contractor without the subcontractors also having to obtain the higher limits.

4. Exhibit III, Construction Projects, A. Minimum Scope of Insurance 4. Builders Risk: Deleted “and” between flood and earthquake and substituted a comma.
5. Exhibit II, Special Provisions for Construction and Service Contracts, Railroad Easements: Added Commercial General Liability Insurance shall be endorsed to provide the Contractual Liability - Railroads Endorsement ISO for CG 24 17 10 01 or a substitute endorsement providing equivalent coverage.
6. Exhibit II, Special Provisions for Construction and Service Contracts, Pollution Legal Liability: Changed to “Contractor’s Pollution Legal Liability” from “Pollution Legal Liability” and expanded requirements. Includes naming City as insured, a provision for claims made coverage (some occurrence coverage available) and a insurance requirement if any disposal of any hazardous materials.
7. Exhibit II, Special Provisions for Construction and Service Contracts: Added provision for “Working On, Over, or Near Navigable Waters”.
8. Exhibits I, III, IV, V, VIII and IX Other Insurance Provisions 2. Deleted and replaced by Notice of Cancellation and Failure to Maintain Insurance provisions. This addresses the effects of the changes in certificate of insurances regarding notice of cancellation. Due to insurance industry certificate and notice of cancellation changes this is an important update.
9. Exhibit VIII, Professional Service Agreements: Added RCW 4.24.115 anti-indemnity statue and waiver of Industrial Insurance to the Indemnification/Hold Harmless.
10. Exhibit VIII, Professional Service Agreements: Added notes at beginning of the exhibit to clarify scope of indemnification with consultants.
11. Exhibit II, Special Provisions for Construction and Service Contracts: Added Excess or Umbrella Liability insurance requirement for higher limits insurance requirement for contracts where exposures dictate increased levels of insurance.
12. Exhibit X, Insurance Certificate Guidelines: Insurance certificate instructions updated to reflect changes in the Acord 25 (2010/05 and (2009/09) Certificate of Liability insurance that are now used predominantly by the insurance industry.

EXHIBIT I

INSURANCE & INDEMNITY REQUIREMENTS FOR CONSTRUCTION AND SERVICE CONTRACTS

Includes construction and remodeling, janitorial service, tree maintenance, road maintenance, painting, electrical work, plumbing, movers, and on site maintenance agreements.

Indemnification / Hold Harmless

The Contractor shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or in connection with the performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Contractor and the City, its officers, officials, employees, and volunteers, the Contractor's liability hereunder shall be only to the extent of the Contractor's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Contractor's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

Insurance

The Contractor shall procure and maintain for the duration of the Agreement, 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, their agents, representatives, employees or subcontractors.

No Limitation

Contractor's maintenance of insurance, its scope of coverage and limits as required herein shall not be construed to limit the liability of the Contractor to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

A. Minimum Scope of Insurance

Contractor shall obtain insurance of the types described below:

1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
2. Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, products-completed operations, stop gap liability, personal injury and advertising injury, and liability assumed under an insured contract. The Commercial General Liability

insurance shall be endorsed to provide the Aggregate Per Project Endorsement ISO form CG 25 03 11 85 or an equivalent endorsement. There shall be no endorsement or modification of the Commercial General Liability Insurance for liability arising from explosion, collapse or underground property damage. The City shall be named as an insured under the Contractor's Commercial General Liability insurance policy with respect to the work performed for the City using ISO Additional Insured endorsement CG 20 10 10 01 and Additional Insured-Completed Operations endorsement CG 20 37 10 01 or substitute endorsements providing equivalent coverage.

3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

B. Minimum Amounts of Insurance

Contractor shall maintain the following insurance limits:

1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
2. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate and \$2,000,000 products-completed operations aggregate limit.

C. Other Insurance Provision

The Contractor's Automobile Liability and Commercial General Liability insurance policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the City. Any insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Contractor's insurance and shall not contribute with it.

D. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A: VII.

E. Verification of Coverage

Contractor shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Contractor before commencement of the work.

F. Subcontractors

The Contractor shall have sole responsibility for determining the insurance coverage and limits required, if any, to be obtained by subcontractors, which determination shall be made in accordance with reasonable and prudent business practices.

G. Notice of Cancellation

The Contractor shall provide the City and all Additional Insureds for this work with written notice of any policy cancellation, within two business days of their receipt of such notice.

H. Failure to Maintain Insurance

Failure on the part of the Contractor to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five business days notice to the Contractor to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Contractor from the City.

EXHIBIT II

SPECIAL PROVISIONS FOR CONSTRUCTION AND SERVICE CONTRACTS

These additional special provisions should also be used in conjunction with Exhibit I, Construction and Service Contracts or Exhibit III Construction Projects.

Railroad Easements

Generally, the easement agreement between a railroad and a project owner will require the owner to furnish protective liability insurance on behalf of the railroad. The project owner may pass this responsibility on to the contractor.

Contractor shall maintain Railroad Protective Liability insurance on behalf of _____ Railroad, as named insured, with minimum limits of \$2,000,000 per occurrence and \$6,000,000 aggregate, or with such limits as the railroad shall require. The original Railroad Protective Insurance policy shall be furnished the railroad and a copy furnished the City prior to any construction or entry upon the railroad easement premises by the Contractor.

Contractor's Commercial General Liability Insurance shall be endorsed to provide the Contractual Liability - Railroads Endorsement ISO for CG 24 17 10 01 or a substitute endorsement providing equivalent coverage.

Environmental Risks

Including asbestos, hazardous chemicals or waste and nuclear hazards.

Contractor's Pollution Legal Liability insurance covering losses caused by pollution conditions that arise from the operations of the Contractor. The Contractor's Pollution Legal Liability insurance shall be written in an amount of at least \$1,000,000 per loss, with an annual aggregate of at least \$1,000,000.

If coverage the Contractor's Pollution Legal Liability insurance is written on a claims-made basis, the Contractor warrants that any retroactive date applicable to coverage under the policy precedes the effective date of this contract; and that continuous coverage will be maintained or an extended discovery period will be exercised for a period of three (3) years beginning from the time that work under the contract is completed.

The City shall be named by endorsement as an insured on the Contractor's Pollution Legal Liability insurance policy.

If the scope of services as defined in this contract includes the disposal of any hazardous materials from the job site, the Contractor must furnish to the Owner evidence of pollution liability insurance maintained by the disposal site operator for losses arising from the insured facility accepting waste under this contract. Coverage certified to the Owner under this paragraph 1.7 must be maintained in minimum amounts of \$1,000,000 per loss, with an annual aggregate of at least \$1,000,000.

Add the following provision to Automobile Liability Minimum Scope of Insurance section:

Pollution Liability coverage at least as broad as that provided under ISO Pollution Liability-Broadened Coverage for Covered Autos Endorsement CA 99 48 shall be provided, and the Motor Carrier Act Endorsement (MCS 90) shall be attached.

Please contact WCIA for specific insurance contract assistance.

Working On, Over, or Near Navigable Waters

Add the following for contracts involving working on, over or near navigable waters. The \$1,000,000 Protection and Indemnity limit below may be increased depending on the vessel or barge liability exposures for the project.

This contract involves work on or adjacent to navigable water, as defined by the U.S. Department of Labor. The Contractor therefore shall provide proof of insurance coverage in compliance with the statutory requirements of the U.S. Longshore and Harbor Workers' Compensation Act (administered by the U.S. Department of Labor).

If the Contractor is working from barges or any other watercraft, owned or non-owned, the Contractor must maintain Protection and Indemnity (P&I) insurance providing coverage for actions of the crew to third parties in the amount of \$1,000,000 each occurrence or accident. The Contractor must also provide proof of insurance coverage in compliance with the statutory requirements of the Merchant Marine Act of 1920 (the "Jones Act").

Excess or Umbrella Liability

Add the following To Exhibit I or III for contracts with liability exposures that warrant increased limits for the contractors insurance. Please check with WCIA staff or your attorney if you have questions.

The Contractor shall purchase and maintain Excess or Umbrella Liability insurance with limits not less than \$\$\$ (*fill in amount*) per occurrence and annual aggregate. This Excess or Umbrella liability insurance shall apply above, and be at least as broad in coverage scope, as the Contractors Commercial General Liability and Automobile Liability insurance.

This requirement may be satisfied instead through the Contractor's Commercial General Liability and Automobile Liability insurance, or any combination thereof.

Contracts or Services Involving Airports, Aircraft or Unusual Exposures
Please contact WCIA for specific insurance requirement assistance.

EXHIBIT III

INSURANCE & INDEMNITY REQUIREMENTS FOR CONSTRUCTION PROJECTS

Includes new construction of buildings, facilities, and structures and including but not limited to wastewater treatment plants, lift stations, water treatment plants, dams, piers, bridges, towers, reservoirs, and major sewer projects. For those in WCIA Property Program also include additions or modifications to existing scheduled locations if project exceeds \$10,000,000.

Indemnification / Hold Harmless

The Contractor shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or in connection with the performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Contractor and the City, its officers, officials, employees, and volunteers, the Contractor's liability hereunder shall be only to the extent of the Contractor's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Contractor's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

Insurance

The Contractor shall procure and maintain for the duration of the Agreement, 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, their agents, representatives, employees or subcontractors.

No Limitation.

Contractor's maintenance of insurance, its scope of coverage and limits as required herein shall not be construed to limit the liability of the Contractor to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

A. Minimum Scope of Insurance

Contractor shall obtain insurance of the types described below:

1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
2. Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop gap liability,

independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract. The Commercial General Liability insurance shall be endorsed to provide the Aggregate Per Project Endorsement ISO form CG 25 03 11 85 or an equivalent endorsement. There shall be no endorsement or modification of the Commercial General Liability insurance for liability arising from explosion, collapse or underground property damage. The City shall be named as an insured under the Contractor's Commercial General Liability insurance policy with respect to the work performed for the City using ISO Additional Insured endorsement CG 20 10 10 01 and Additional Insured-Completed Operations endorsement CG 20 37 10 01 or substitute endorsements providing equivalent coverage.

3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.
4. Builders Risk insurance covering interests of the City, the Contractor, Subcontractors, and Sub-subcontractors in the work. Builders Risk insurance shall be on a all-risk policy form and shall insure against the perils of fire and extended coverage and physical loss or damage including flood, earthquake, theft, vandalism, malicious mischief, collapse, temporary buildings and debris removal. This Builders Risk insurance covering the work will have a deductible of \$5,000 for each occurrence, which will be the responsibility of the Contractor. Higher deductibles for flood and earthquake perils may be accepted by the City upon written request by the Contractor and written acceptance by the City. Any increased deductibles accepted by the City will remain the responsibility of the Contractor. The Builders Risk insurance shall be maintained until final acceptance of the work by the City.

B. Minimum Amounts of Insurance

Contractor shall maintain the following insurance limits:

1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
2. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate and a \$2,000,000 products-completed operations aggregate limit.
3. Builders Risk insurance shall be written in the amount of the completed value of the project with no coinsurance provisions.

C. Other Insurance Provision

The Contractor's Automobile Liability, Commercial General Liability and Builders Risk insurance policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the City. Any Insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Contractor's insurance and shall not contribute with it.

D. Contractor's Insurance for Other Losses

The Contractor shall assume full responsibility for all loss or damage from any cause whatsoever to any tools, Contractor's employee owned tools, machinery, equipment, or motor vehicles owned or rented by the Contractor, or the Contractor's agents, suppliers or contractors as well as to any temporary structures, scaffolding and protective fences.

E. Waiver of Subrogation

The Contractor and the City waive all rights against each other, any of their Subcontractors, Sub-subcontractors, agents and employees, each of the other, for damages caused by fire or other perils to the extent covered by Builders Risk insurance or other property insurance obtained pursuant to the Insurance Requirements Section of this Contract or other property insurance applicable to the work. The policies shall provide such waivers by endorsement or otherwise.

F. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A: VII.

G. Verification of Coverage

Contractor shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the Automobile Liability and Commercial General Liability insurance of the Contractor before commencement of the work. Before any exposure to loss may occur, the Contractor shall file with the City a copy of the Builders Risk insurance policy that includes all applicable conditions, exclusions, definitions, terms and endorsements related to this project.

H. Subcontractors

The Contractor shall have sole responsibility for determining the insurance coverage and limits required, if any, to be obtained by subcontractors, which determination shall be made in accordance with reasonable and prudent business practices.

I. Notice of Cancellation

The Contractor shall provide the City and all Additional Insureds for this work with written notice of any policy cancellation, within two business days of their receipt of such notice.

J. Failure to Maintain Insurance

Failure on the part of the Contractor to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five business days notice to the Contractor to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Contractor from the City.

EXHIBIT IV

INSURANCE & INDEMNITY REQUIREMENTS FOR SUPPLIERS

Includes vendors who supply equipment or other products to your Entity and who do not perform other functions, such as installation or maintenance.

Indemnification / Hold Harmless

The Vendor shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or in connection with the performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

Insurance

The Vendor shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with products and materials supplied to the City.

No Limitation

Vendor's maintenance of insurance as required by the agreement shall not be construed to limit the liability of the Vendor to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

A. Minimum Scope of Insurance

Contractor shall obtain insurance of the type described below:

Commercial General Liability insurance shall be written on Insurance Services Office (ISO) occurrence form CG 00 01 and shall cover products liability. The City shall be named as an insured under the Vendor's Commercial General Liability insurance policy using ISO Additional Insured-Vendors Endorsement CG 20 15 or a substitute endorsement providing equivalent coverage.

B. Minimum Amounts of Insurance

Vendor shall maintain the following insurance limits:

Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$1,000,000 general aggregate and a \$2,000,000 products liability aggregate limit.

C. Other Insurance Provision

The Vendor's Commercial General Liability insurance policy or policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the City. Any Insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Vendor's insurance and shall not contribute with it.

D. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A: VII.

E. Verification of Coverage

Vendor shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Vendor before goods, materials or supplies will be accepted by the City.

F. Notice of Cancellation

The Vendor shall provide the City with written notice of any policy cancellation, within two business days of their receipt of such notice.

G. Failure to Maintain Insurance

Failure on the part of the Vendor to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five business days notice to the Vendor to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Vendor from the City.

EXHIBIT V

INSURANCE & INDEMNITY REQUIREMENTS FOR STANDARD LEASES

Includes standard conventional leases.

Indemnification / Hold Harmless

Lessee shall defend, indemnify, and hold harmless the City, its officers, officials, employees and volunteers from and against any and all claims, suits, actions, or liabilities for injury or death of any person, or for loss or damage to property, which arises out of Lessee's use of Premises, or from the conduct of Lessee's business, or from any activity, work or thing done, permitted, or suffered by Lessee in or about the Premises, except only such injury or damage as shall have been occasioned by the sole negligence of the City.

Insurance

The Lessee shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the Lessee's operation and use of the leased Premises.

No Limitation

Lessee's maintenance of insurance as required by the agreement shall not be construed to limit the liability of the Lessee to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

A. Minimum Scope of Insurance

Lessee shall obtain insurance of the types described below:

1. Commercial General Liability insurance shall be written on Insurance Services Office (ISO) occurrence form CG 00 01 and shall cover premises and contractual liability. The City shall be named as an insured on Lessee's Commercial General Liability insurance policy using ISO Additional Insured-Managers or Lessors of Premises Form CG 20 11 or a substitute endorsement providing equivalent coverage.
2. Property insurance shall be written on an all risk basis.

B. Minimum Amounts of Insurance

Lessee shall maintain the following insurance limits:

1. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.
2. Property insurance shall be written covering the full value of Lessee's property and improvements with no coinsurance provisions.

C. Other Insurance Provisions

The Lessee's Commercial General Liability insurance policy or policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the City. Any Insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Lessee's insurance and shall not contribute with it.

D. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A: VII.

E. Verification of Coverage

Lessee shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Lessee.

F. Waiver of Subrogation

Lessee and City hereby release and discharge each other from all claims, losses and liabilities arising from or caused by any hazard covered by property insurance on or in connection with the premises or said building. This release shall apply only to the extent that such claim, loss or liability is covered by insurance.

G. City's Property Insurance

City shall purchase and maintain during the term of the lease all-risk property insurance covering the Building for their full replacement value without any coinsurance provisions.

H. Notice of Cancellation

The Lessee shall provide the City with written notice of any policy cancellation, within two business days of their receipt of such notice.

I. Failure to Maintain Insurance

Failure on the part of the Lessee to maintain the insurance as required shall constitute a material breach of lease, upon which the City may, after giving five business days notice to the Lessee to correct the breach, terminate the Lease or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand.

EXHIBIT VI

INSURANCE & INDEMNITY REQUIREMENTS FOR FACILITY USE AGREEMENTS

For rental or use of facilities such as community centers, senior centers, sport fields or *swimming pools*.

Indemnification / Hold Harmless

User shall defend, indemnify and hold harmless the City, its officers, officials, employees and volunteers from and against any and all claims, suits, actions, or liabilities for injury or death of any person, or for loss or damage to property, which arises out of the use of Premises or from any activity, work or thing done, permitted, or suffered by User in or about the Premises, except only such injury or damage as shall have been occasioned by the sole negligence of the City.

Insurance

The User shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the use of the Premises.

No Limitation

User's maintenance of insurance as required by the agreement shall not be construed to limit the liability of the User to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

User shall provide a certificate of insurance evidencing:

General Liability insurance covering premises, products-completed operations and contractual liability. The City shall be named as an insured on User's General Liability insurance policy. The General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$1,000,000 general aggregate.

The insurance policy shall contain, or be endorsed to contain that the User's insurance coverage shall be primary insurance as respect the City. Any insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Lessee's insurance and shall not contribute with it.

The User shall provide a certificate of insurance evidencing the required insurance before using the Premises.

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A: VII.

EXHIBIT VII

SPECIAL PROVISIONS FOR FACILITY USE AGREEMENTS

Additional insurance requirements should be added to the Facility Use Agreements for the following:

Alcohol, Available for consumption on premises, whether sold or not.

User shall procure and maintain for the duration of the agreement Liquor Liability insurance in the amount of \$1,000,000 each occurrence. The City is to be named as an additional insured on Liquor Liability insurance. Host liquor liability coverage may be substituted when alcohol is consumed and not sold on premises with the prior written approval of the City.

Athletic Participant Events

General Liability insurance shall include coverage for participant liability with limits of not less than \$1 million per occurrence.

EXHIBIT VIII

INSURANCE REQUIREMENTS FOR PROFESSIONAL SERVICE AGREEMENTS

Includes consultants, architects, engineers, accountants, and other professional services. Please note that many consultants are taking exception to the Indemnification/Hold Harmless below. Though WCIA still recommends the indemnification below, one alternative that be acceptable to the consultants would be to strike the word "sole" from the first sentence in the indemnification below. Please note this change could result in greater expenses for WCIA and its members in the event a claim or lawsuit.

We do not recommend that change, however, we realize the need for our members to be able to use quality consultants who may not be agreeable to the indemnification below. Which party has the most bargaining power may dictate the language used. For advice please consult with your attorney and/or WCIA staff.

Indemnification / Hold Harmless

Consultant shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or resulting from the acts, errors or omissions of the Consultant in performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Consultant and the City, its officers, officials, employees, and volunteers, the Consultant's liability hereunder shall be only to the extent of the Consultant's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Consultant's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

Insurance

The Consultant shall procure and maintain for the duration of the Agreement, 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 Consultant, its agents, representatives, or employees.

No Limitation

Consultant's maintenance of insurance as required by the agreement shall not be construed to limit the liability of the Consultant to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

A. Minimum Scope of Insurance

Consultant shall obtain insurance of the types described below:

1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
2. Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors and personal injury and advertising injury. The City shall be named as an insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the City.
3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.
4. Professional Liability insurance appropriate to the Consultant's profession.

B. Minimum Amounts of Insurance

Consultant shall maintain the following insurance limits:

1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
2. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.
3. Professional Liability insurance shall be written with limits no less than \$1,000,000 per claim and \$1,000,000 policy aggregate limit.

C. Other Insurance Provision

The Consultant's Automobile Liability and Commercial General Liability insurance policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the City. Any Insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Contractor's insurance and shall not contribute with it.

D. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

E. Verification of Coverage

Consultant shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Consultant before commencement of the work.

F. Notice of Cancellation

The Consultant shall provide the City with written notice of any policy cancellation, within two business days of their receipt of such notice.

G. Failure to Maintain Insurance

Failure on the part of the Consultant to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five business days notice to the Consultant to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Consultant from the City.

EXHIBIT IX

INSURANCE & INDEMNITY REQUIREMENTS FOR RIGHT OF WAY PERMITS

Insurance requirements to be used in connection with the issuing of permits in the right of way.

Indemnification / Hold Harmless

Include in permit application

The Applicant shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or in connection with activities or operations performed by the Applicant or on the Applicant's behalf out of issuance of this Permit, except for injuries and damages caused by the sole negligence of the City.

Insurance

The Applicant shall procure and maintain for the duration of the Permit, insurance against claims for injuries to persons or damage to property which may arise from or in connection with operations or activities performed by or on the Applicant's behalf with the issuance of this Permit.

No Limitation

Applicant's maintenance of insurance as required by the agreement shall not be construed to limit the liability of the Applicant to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

A. Minimum Scope of Insurance

Applicant shall obtain insurance of the type described below:

1. Commercial General Liability insurance shall be written on Insurance Services Office (ISO) occurrence form CG 00 01 and shall cover products liability. The City shall be named as an insured under the Applicant's Commercial General Liability insurance policy using ISO Additional Insured-State or Political Subdivisions-Permits CG 20 12 or a substitute endorsement providing equivalent coverage.
2. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.

B. Minimum Amounts of Insurance

Applicant shall maintain the following insurance limits:

1. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate and a \$2,000,000 products-completed operations aggregate limit.
2. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.

C. Other Insurance Provision

The Applicant's Commercial General Liability insurance policy or policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the City. Any Insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Applicant's insurance and shall not contribute with it.

D. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

E. Verification of Coverage

Applicant shall furnish the City with original certificates and a copy of the amendatory endorsements, including the additional insured endorsement, evidencing the insurance requirements of the Applicant before issuance of the Permit.

F. Notice of Cancellation

The Applicant shall provide the City with written notice of any policy cancellation, within two business days of their receipt of such notice.

G. Failure to Maintain Insurance

Failure on the part of the Applicant to maintain the insurance as required shall constitute a material breach of the permit or agreement, upon which the City may, after giving five business days notice to the Applicant to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand.

EXHIBIT X

INSURANCE CERTIFICATE GUIDELINES

Certificates of insurance are received from various sources including tenants, contractors, vendors, consultants and users of your facilities. A certificate of insurance provides evidence of the insured's insurance in place. In addition to reviewing certificates a system must be developed to monitor when coverage on certificates is about to expire and new certificates are needed.

Why are certificates needed?

Certificates of insurance are needed to provide proof that the other party meets the insurance that you require through contract, agreement or part of a permit requirement.

Who should provide the certificate?

The other party's insurance agent, broker, risk management department or insurance company representative should provide the certificate to you.

Are all insurance certificates provided on the same type of insurance certificate form?

No, insurance certificates may be received on various forms. The Acord Corporation does provide a standard form that is used quite extensively by many insurance agents and brokers. The Acord form is revised from time to time to reflect changes in insurance industry coverage and limits. Different certificates may also be provided for evidence of property and liability insurance.

Are insurance certificates sufficient to provide proof of additional insured status?

Unfortunately not, that is why WCIA recommends a copy of the additional insured endorsement where additional insured status is required to be provided by the other party. Insurance certificates cannot legally amend or change an insurance policy as. The following disclaimer is used on most insurance certificates:

“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:”

This statement basically says that the insured has purchased the insurance stated on the Certificate. The Certificate Holder has no legal right to be covered by the insurance in place.

Liability Certificate Guidelines

The following guidelines may be used to assist you in reviewing insurance certificates. Refer to the sample certificate at the end of this section as a numbered guide. Additional definitions of insurance terminology are provided in the Glossary at the end of the manual.

1. **Producer:** The Producer is the insurance agent or broker for the insured.
2. **Insured:** The name insured(s) as it/they appear on the policy declarations.
3. **Contact Name:** Primary contact of the producer.
4. **Insurer(s) Affording Coverage:** the insurer's full legal name.
5. **NAIC #:** The identifying code assigned to the insurer by the National Association of Insurance Commissioners.
6. **Certificate Number:** A number assigned by the producer for the certificate.
7. **Revision Number:** The producer assigned revision number for the certificate.
8. **INS LTR (Insurance Letter):** The letter of the insurer(s) as assigned in Insurer(s) Affording Coverage section (see #4 above).
9. **General Liability:** Insurance protecting the person or organization from liability exposures. *Make sure Commercial General Liability and Occurrence (Occur) boxes are checked. Also the Genr'l (General) Aggregate Limit applies per project box should be checked for construction projects.*
10. **ADDL INSR (Additional Insured):** Indicates if the certificate holder has been named as an additional insured on the insurance policy. *Make sure ADDL INSR box is checked for Commercial General Liability and for Umbrella/Excess Liab (Liability) if applicable.*
11. **SUBR WVD (Subrogation Waived):** Indicates if subrogation against the Certificate Holder has been waived on the policy. *Not needed by WCIA recommendations but no harm in the box(s) being checked.*
12. **Policy Number:** *The Policy number should be listed to assist in verifying coverage and accessing the coverage if a claim arises.*
13. **Policy Effective Date:** The date the policy begins.
14. **Policy Expiration Date:** The date the policy ends. *It is important that performance of the contract be completed before the expiration of the policy. If not an additional insurance certificate will be needed.*

15. **Limits:** The amount of general liability insurance purchased as specified below:

Each Occurrence is the one occurrence limit amount.

Damage to Rented Premises (Ea Occurrence) is the limit of the policy for damage by fire to premises rented to the insured and to damage regardless of cause to premises (including contents) occupied by the insured for 7 days or less.

Med Expenses (Any one person) is no fault medical expense insurance provided to other parties injured on the insured premises.

Personal & Advertising Injury is the limit for personal injury (not bodily injury) including slander, libel, false arrest, malicious prosecution, invasion of privacy and advertising liability for exposure of any advertising activities.

General Aggregate is the maximum limit of insurance payable during the policy period for all losses other than those arising from the products and completed operations hazards.

Products-Completed Operations Aggregate is the maximum limit of insurance payable during the policy period for all losses arising out of the insured's products or business operations conducted away from the insured's premises once those operations have been completed or abandoned.

It is important the limits are typed on the certificate in amounts at least as large as those required in your insurance specifications.

16. **Automobile Liability:** This coverage insures against liability claims arising out of the use of a covered auto. *The box "Any Auto" should be checked.*

17. **Limits:** The amount of automobile liability insurance purchased as specified below:

Combined Single Limit (Each accident) is the limit of the insurance policy for bodily injury and property damage combined for each accident.

Bodily Injury (Per person) is the limit of the insurance policy for bodily injury to one person from one accident.

Bodily Injury (Per accident) is the limit of the insurance policy for bodily injury from each accident, regardless on the number of person injured.

Property Damage (Per accident) is the limit of the insurance policy for third party property damage resulting from one accident.

If Combined Single Limit is used Bodily Injury (Per person), Bodily Injury (Per accident) and Property Damage (Per accident) limits will not be needed to be filled in on the certificate.

18. **Umbrella Liability and Excess Liability:** Excess Liability provides liability coverage above another liability insurance policy and may provide excess limits over automobile liability. Umbrella Liability is generally is written over various primary liability policies, such as the auto liability and the commercial general liability policy.

If the automobile and/or general liability policy limits above do not meet your required limits make sure “Umbrella Liab” is checked. General liability and automobile liability (primary) limits may be satisfied by a combination primary liability and umbrella/excess insurance. The “occur” (occurrence) box in this section should also be checked. It is also acceptable for the “Deductible” or “Retention” to be checked and the dollar amount of such stated. If the deductible or retention amount seems large please contact WCIA for guidance.

19. **Limits:** The amount of umbrella or excess liability insurance purchased as specified below:


Each Occurrence is the one occurrence limit amount.

Aggregate is the maximum limit of insurance payable during the policy period for all losses other than those arising from the products and completed operations hazards.

20. **Workers’ Compensation and Employers’ Liability:** *In most instances information not required on insurance certificate. Please separately request Washington Labor & Industries number to verify coverage. Some contractors may also be self-insured. A list of self-insured employers is available at:*
<http://www.lni.wa.gov/ClaimsIns/Insurance/SelfInsure/EmpList/>
21. *This area may be used to evidence other insurance coverage such as professional liability.*
22. **Description of Operations/Locations/Vehicles:** This section can refer to a specific project or contract number. Also may show locations, vehicles, exclusions added by endorsement and/or special provisions for which the certificate was issued.
23. **Certificate Holder:** Person or organization that the certificate is issued to.
24. **Cancellation:** *The cancellation wording means that in most instances the Certificate Holder, even if named an additional insured, will not receive notice of cancellation by the insurance carrier. In response to this shortcoming WCIA has modified the notice of insurance cancellation provision throughout the manual putting the burden on the contractor or service provider.*

25. **Authorized Representative:** The insurance agent, broker or insurance company representative who is authorized to sign the certificate.

EXHIBIT X (Continued)

 CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY) 2/15/2010					
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 Mt. Airy Agency Main Street Mt Airy, NC 34567	CONTACT NAME: Otis Campbell PHONE (A/C, No, Ext): 555-1212 E-MAIL: OtisC@Gmail.com PRODUCER CUSTOMER ID #:	FAX (A/C, No): INSURER(S) AFFORDING COVERAGE INSURER A: H Crump Insurance Company INSURER B: O P Insurance Company INSURER C: INSURER D: INSURER E: INSURER F:					
INSURED Floyd Barber Enterprises 123 Main Street Mayberry NC 34503	NAIC # INSURER A: H Crump Insurance Company INSURER B: O P Insurance Company INSURER C: INSURER D: INSURER E: INSURER F:						
COVERAGES CERTIFICATE NUMBER: 6 REVISION NUMBER: 7							
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 LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
8	A GENERAL LIABILITY		GL123456A	02/01/2011	02/01/2011	EACH OCCURRENCE	\$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY	<input checked="" type="checkbox"/>				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 50,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR	<input checked="" type="checkbox"/>				MED EXP (Any one person)	\$ 10,000
						PERSONAL & ADV INJURY	\$ 1,000,000
						GENERAL AGGREGATE	\$ 2,000,000
GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						PRODUCTS - COM/OP AGG	\$ 2,000,000
A	AUTOMOBILE LIABILITY		789012	02/01/2011	02/01/2011	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO					BODILY INJURY (Per person)	\$ 17
	<input type="checkbox"/> ALL OWNED AUTOS					BODILY INJURY (Per accident)	\$
	<input type="checkbox"/> SCHEDULED AUTOS					PROPERTY DAMAGE (Per accident)	\$
	<input type="checkbox"/> HIRED AUTOS						\$
	<input type="checkbox"/> NON-OWNED AUTOS						\$
B	UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB	<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE	EXCESS123			EACH OCCURRENCE	\$ 5,000,000
	DEDUCTIBLE					AGGREGATE	\$ 5,000,000
	RETENTION \$						\$ 19
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	<input type="checkbox"/> Y <input type="checkbox"/> N				WC STATUTORY LIMITS	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> N/A				E.L. EACH ACCIDENT	\$ 100,000
	If yes, describe under SPECIAL PROVISIONS below					E.L. DISEASE - EA EMPLOYEE	\$ 500,000
						E.L. DISEASE - POLICY LIMIT	\$ 100,000
21	DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required) RE: First Street Stormwater Project WW 03-2010						
CERTIFICATE HOLDER City of Destiny Po Box 456 Destiny, WA 98000 Attn: Howard Sprague, City Clerk			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 Otis "the Man" Campbell				

ACORD 25 (2009/09)

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Property Insurance Certificates

A property insurance certificate is needed when another party has been made responsible for providing insurance on property you own or for which you are responsible. Landlords may also contractually require tenants to carry property insurance.

A property insurance certificate should show:

1. Property Covered: An appropriate description of all property for which insurance is required.
2. Limits: The appropriate amounts of coverage for the property.
3. Coverage: The type of coverage such as all risk.
4. Interests: The Certificate should indicate the nature of your interest, i. e. owner, lender or landlord in the insured property.
5. Loss Payee: If you are named as a Loss Payee the certificate should state so clearly. A Loss Payee is reimbursed for a loss to property directly by the insurance carrier for damage to your property or property you have an interest in. This may be more desirable than another party getting paid for damage expenses to your building in the event of a loss. If you are a loss payee or have an insurable interest in the property, make sure either the Acord form 27, Evidence of Property Insurance or Acord form 28, *Evidence of Commercial Property Insurance* is used and not Acord form 24, Certificate of Property Insurance.

EXHIBIT XI

ADDITIONAL INSURED AND AGGREGATE LIMIT ENDORSEMENTS

On the following pages are several of the additional insured and aggregate limit insurance endorsements that WCIA members may receive copies of. We recommend that copies of the additional insured endorsement be obtained along with the insurance certificate.

Unfortunately all additional insured endorsements are not created equal and some may not be proper for all applications. There have been many changes to the endorsements through the years. These endorsements can be very confusing and technical. Compounding the complexity, not all insurance carriers will use all the endorsements. WCIA member entities may not be able to always obtain the additional insured endorsements with the broadest coverage or that are recommended in this manual. These are not all the endorsements that are used but some of the more popular ones. Some insurance companies may not use standard additional insured endorsements but use custom or manuscript endorsements.

CG 20 26 07 04 covers the additional insured with respect to liability arising out of “your ongoing operations” for that insured. The older and better endorsement CG 20 10 11 85 covers the additional insured with respect to liability arising out of “your work” for that insured. This means the additional insured may also be covered for claims that arise because of the contractor’s negligence after the contractor is done with the work. This is referred to as “completed operations” coverage. Unfortunately the CG 20 10 11 85 is not available from many of the insurance companies. Some insurance companies are also unable to provide additional insured status for completed operations at all. Remember if the endorsement excludes completed operations it will likely contain the phrase “ongoing operations”. WCIA recommends requiring CG 20 10 10 01 together with CG 20 37 10 01 to provide coverage similar to that of the CG 20 10 11 85 form.

Starting in 2004, many additional insured endorsements were issued to take away coverage for the sole negligence of the additional insured. It amended the language in the endorsement to replace “arising out of” with “caused, in whole or in part, by” the named insured’s acts or omissions or the acts or omissions of those acting on behalf of the named insured. Courts have interpreted the “arising out of” language to include coverage for the additional insured’s sole negligence. Having amended the language to “caused, in whole or in part” stipulates that the endorsement responds only in the event of injury or damage for which the named insured and additional insured share the responsibility.

When looking at these endorsements it is important to weigh the need for “completed operations” and “sole negligence” coverage for the additional insured. A separate table is listed below comparing the various construction and service related additional insured endorsements. If you have any questions regarding these endorsements please contact the staff at WCIA. In addition to the construction endorsements in the table sample endorsements are provided for other specific requirements in the manual.

EXHIBIT XI (Continued)

Form# (last 4 digits month and year form issued)	Form Name	Includes Completed Operations	Includes Sole Negligence Coverage	Comments
CG 20 10 11 85	Owners, Lessees, or Contractors (Form B)	Yes	Yes	The best, hard to get
CG 20 10 10 01	Owners, Lessees, or Contractors Scheduled	No, use with CG 20 37 10 01	Yes	WCIA Recommended
CG 20 37 10 01	Owners, Lessees or Contractors- Completed Operations	Yes, use with CG 20 10 10 01	Yes	WCIA Recommended
CG 20 10 10 93	Owners, Lessees, or Contractors (Form B)	No	Yes	
CG 20 10 03 97	Owners, Lessees, or Contractors Scheduled	No	Yes	
CG 20 10 07 04	Owners, Lessees or Contractors – Scheduled Person or Organization	No	No	Designated Additional Insured and scheduled covered operations
CG 20 26 07 04	Additional Insured – Designated Person or Organization	No	No	Designated Additional Insured
CG 20 37 07 04	Owners, Lessees or Contractors – Completed Operations	Yes, Use with CG 20 10 (1993 or later)	No	Limited to scheduled completed operation
CG 20 33 07 04	Owners, Lessees or Contractors – Automatic Status in Construction Agreement	No	No	Only provides an additional insured with coverage during the project.
CG 25 03 11 85	Aggregate Limits of Insurance (Per Project)	N/A	N/A	WCIA Recommended

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 10 93

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 ongoing operations performed for that insured.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY

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 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 ongoing operations performed for that insured.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 20 10 10 01

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 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.)

- A. Section II – Who Is An Insured** 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 ongoing operations performed for that insured.
- B.** With respect to the insurance afforded to these additional insureds, the following exclusion is added:

Exclusions

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 site 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.

CG 20 10 10 01

Sample

Page 1 of 1 ☐

No completed operations may use with CG 20 37 10 01 to add completed operations for designated location.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 20 37 10 01

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.

SCHEDULE

Name of Person or Organization:
Location and Description of Completed Operations:
Additional Premium:

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

Section II – Who Is An Insured 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” at the location designated and described in the Schedule of this endorsement performed for that insured and included in the “products-completed operations hazard.”

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

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

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.	

1. All work, including materials, parts or equipment furnished in connection with such work, on their 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 contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 20 26 07 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – DESIGNATED 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)
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

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 your acts or omissions or the acts or omissions of those acting on your behalf:

- A.** In the performance of your ongoing operations; or
- B.** In connection with your premises owned by or rented to you.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 20 37 07 04

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.

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.	

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 designed and described in the schedule of this endorsement performed for that additional insured and included in the “products-completed operations hazard.”

CG 20 37 07 04

Sample
Completed Operations only. Do not use alone.

Page 1 of 1 ☐

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – OWNERS, LESSEES, OR
CONTRACTORS – AUTOMATIC STATUS WHEN REQUIRED
IN CONSTRUCTION AGREEMENT WITH YOU**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

A. Section II: Who Is An Insured is amended to include as an additional insured any person or organization for whom you are performing operations when you and such person or organization have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy. Such person or organization is an additional insured only with respect to liability for “bodily injury”, “property damage” or “personal and advertising injury” caused, in whole or 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.

A person’s or organization’s status as an additional insured under this endorsement ends when your operations for that additional insured are completed.

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

1. “Bodily injury”, “property damage” or “personal and advertising injury” arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

- a). The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
- b). Supervisory, inspection, architectural or engineering activities.

2. “Bodily injury” or “property damage” occurring after:

- a). 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
- b). 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.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 20 12 11 85

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – STATE OR POLITICAL SUBDIVISIONS – PERMITS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

State or Political Subdivision:

(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 any state or political subdivision shown in the Schedule, subject to the following provisions:

1. This insurance applies only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit.
2. This insurance does not apply to:
 - a). "Bodily Injury", "property damage", "personal injury" or "advertising injury" arising out of operations performed for the state or municipality; or
 - b). "Bodily injury" or "property damage" included within the "products-completed operations hazard".

POLICY NUMBER:

**COMMERCIAL GENERAL LIABILITY
CG 20 15 11 88**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – VENDORS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.
PRODUCTS, COMPLETED OPERATIONS, LIABILITY COVERAGE PART.

Name of Person or Organization (Vendor)

Your Products:

(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 any person or organization (referred to below as "vendor) shown in the schedule but only with respect to "bodily injury" or "property damage" arising out of "your products" shown in the Schedule which are distributed or sold in the regular course of the vendor's business, subject to the following additions-revisions:

1. The insurance afforded the vendor does not apply to:
 - a) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
 - b) Any express warranty unauthorized by you;
 - c) Any physical or chemical change in the product made intentionally by the vendor;
 - d) Repackaging unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and the repackaging in the original container;
 - e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
 - f) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the products;
 - g) Products which, after distribution, or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor.
2. This insurance does not apply to any insured person or organization from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

CG 20 15 11 88

**Sample
Vendors**

Page 1 of 1 □

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 10 11 01 96

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – MANAGERS OR LESSORS OF PREMISES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

1. Designation of Premises, (Part Leased to You);
2. Name of Person or Organization (Additional Insured);
3. Additional Premium;

(If no entry appears above, the 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 the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any “occurrence” which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.

COMMERCIAL LIABILITY
CGL ENDORSEMENTS

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

**AMENDMENT – AGGREGATE LIMITS OF
INSURANCE (PER PROJECT)**

This endorsement modified insurance provided under the following

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The General Aggregate Limit under LIMITS OF INSURANCE (SECTION III) applies separately to each of your projects away from premises owned by or rented to you.

EXHIBIT XII

SURETY BOND REQUIREMENTS FOR CONSTRUCTION PROJECTS

Introduction

A surety bond is not an insurance policy. A surety bond is a guarantee, in which the surety guarantees that the contractor, called the “principal” in the bond, will perform the “obligation” stated in the bond. For example, the “obligation” stated in a bid bond is that the principal will honor its bid; the “obligation” in a performance bond is that the principal will complete the project; and the “obligation” in a payment bond is that the principal will properly pay subcontractors and suppliers. Bonds frequently state, as a “condition,” that if the principal fully performs the stated obligation, then the bond is void; otherwise the bond remains in full force and effect.

If the principal fails to perform the obligation stated in the bond, both the principal and the surety are liable on the bond, and their liability is “joint and several.” That is, either the principal or surety or both may be sued on the bond, and the entire liability may be collected from either the principal or the surety. The amount in which a bond is issued is the “penal sum,” or the “penalty amount,” of the bond. Except in a very limited set of circumstances, the penal sum or penalty amount is the upward limit of liability on the bond.

The person or firm to whom the principal and surety owe their obligation is called the “obligee.” On bid bonds, performance bonds, and payment bonds, the obligee is usually the owner. Where a subcontractor furnishes a bond, however, the obligee may be the owner or the general contractor or both. The people or firms who are entitled to sue on a bond, sometimes called “beneficiaries” of the bond, are usually defined in the language of the bond or in those state and federal statutes that require bonds on public projects.

Types of Surety Bonds:

Bid Bonds

A bid bond guarantees the owner that the principal will honor its bid and will sign all contract documents if awarded the contract. The owner is the obligee and may sue the principal and the surety to enforce the bond. If the principal refuses to honor its bid, the principal and surety are liable on the bond for any additional costs the owner incurs in reletting the contract. This usually is the difference in dollar amount between the low bid and the second low bid. The penal sum of a bid bond often is ten to twenty percent of the bid amount.

Performance Bonds

A performance bond guarantees the owner that the principal will complete the contract according to its terms including price and time. The owner is the obligee of a performance bond, and may

sue the principal and the surety on the bond. If the principal defaults, or is terminated for default by the owner, the owner may call upon the surety to complete the contract. Many performance bonds give the surety three choices: completing the contract itself through a completion contractor (taking up the contract); selecting a new contractor to contract directly with the owner; or allowing the owner to complete the work with the surety paying the costs. The penal sum of the performance bond usually is the amount of the prime construction contract, and often is increased when change orders are issued. The penal sum in the bond usually is the upward limit of liability on a performance bond. However, if the surety chooses to complete the work itself through a completing contractor to take up the contract then the penal sum in the bond may not be the limit of its liability. The surety may take the same risk as a contractor in performing the contract.

Payment Bonds

A payment bond guarantees the owner that subcontractors and suppliers will be paid the monies that they are due from the principal. The owner is the obligee; the “beneficiaries” of the bond are the subcontractors and suppliers. Both the obligee and the beneficiaries may sue on the bond. An owner benefits indirectly from a payment bond in that the subcontractors and suppliers are assured of payment and will continue performance. On a private project, the owner may also benefit by providing subcontractors and suppliers a substitute to mechanics’ liens. If the principal fails to pay the subcontractors or suppliers, they may collect from the principal or surety under the payment bond, up to the penal sum of the bond. Payments under the bond will deplete the penal sum. The penal sum in a payment bond is often less than the total amount of the prime contract, and is intended to cover anticipated subcontractor and supplier costs.

Maintenance Bonds

The role of a maintenance bond is to protect against design defects and/or failures in workmanship, and to guarantee that the project constructed will be regularly and adequately maintained throughout the maintenance period. Maintenance bonds are often for a limited amount of time such as one to three years.

Why are bonds needed?

Construction is a risky business. Besides liability and property damage to the project risks in construction projects there are other risks in letting a construction contract including these risks:

- a. The apparent low bidder will not accept the award at the bid price and furnish the required performance and payment bonds.
- b. The contractor will not be able to complete the project in accordance with the plans and specifications for the contract price.
- c. Incurred labor and material bills will not be paid by the contractor, resulting in loss to the owner.

These risks can be mitigated and transferred by various bonds executed by a competent and financially sound surety company.

What bonds should be required?

Performance bonds protect the owner from contractor default and delays, and these are important for commercial properties with fixed tenant availability dates. Payment bonds protect the property from mechanics' liens, which might otherwise interfere with sale or refinancing of the property. Bid bonds, which generally address only the price-spread between the low and next to lowest bid price, serve a much narrower purpose. However, because of the expectations and requirements of the bid package, corporate sureties generally will issue bid bonds only to contractors who qualify for performance and payments bonds. Thus a requirement for a bid bond may help narrow the field of bidders to only those firms who can actually satisfy performance and payment bond requirements.

What Surety Companies are acceptable to the owner?

Since a surety bond essentially is a guarantee by the surety, the owner has an interest in deciding which sureties are acceptable. The Surety shall be licensed to do business in the State of Washington and are named in the current list of "Surety Companies Acceptable in Federal Bonds" as published in the Federal Register by the Audit Staff Bureau of Accounts, U.S. Treasury Department.

Specifying the Amount of Bonds:

Premiums rise along with the penal sum of the bond, and the owner ultimately pays these costs in the contract price. Nonetheless, the owner has an interest in setting the bond penal sum high enough to provide the desired protection to the project. The penal sum for the performance bond should be one hundred percent of the original contract price, and the penal sum should be increased for each change order.

Sample Requirements

Performance and Payment Bonds

At such time as contractor/bidder enters into a contract, he/she shall provide a performance and labor & materials payment bond in the amount of 100% of the awarded contract as security for the faithful performance and payment of all his/her obligations under the specifications. Bond shall be in a form acceptable to the [City/State/City Attorney.]

Surety shall be licensed to conduct business in the State of Washington and are named in the current list of "Surety Companies Acceptable in Federal Bonds" as published in the Federal Register by the Audit Staff Bureau of Accounts, U.S. Treasury Department.

Maintenance Bond

If required, contractor will provide a maintenance bond guaranteeing work shall be free of any defective materials or workmanship which became apparent during the period of [years] following completion of the Contract. Bond shall be in a form acceptable to the [City/State/City Attorney]. Bond shall be in the amount of [10%-100%] of the contract price.

Surety shall be licensed to conduct business in the State of Washington and are named in the current list of “Surety Companies Acceptable in Federal Bonds” as published in the Federal Register by the Audit Staff Bureau of Accounts, U.S. Treasury Department.

EXHIBIT XIII

GLOSSARY

A. Insurance Certificate

Certificates of Insurance are commonly issued by insurance agents on behalf of their clients to indicate to other interested parties the nature and amounts of insurance purchased by the client. Although not legally binding on the insurer, this form of insurance documentation has the virtue of convenience to all parties, as a one-page certificate can be issued quickly and is simple to read. The ACORD certificate form was developed by the insurance industry in an attempt to standardize and simplify this type of insurance documentation.

B. Aggregate Limit

An aggregate limit is a cumulative limit that applies to all claims within a given period of time, such as within one year, or within the policy term. For example, if a policy has an occurrence limit of \$1 million and an aggregate limit of \$1 million, the policy could be exhausted by a sequence of losses totaling \$1 million, or by one big loss of that amount.

C. Best Rating

A rating system that indicates the operating condition of the insurance companies published annually by the A. M. Best Company. See Exhibit XIV, Guide to Best's Ratings and Financial Size Categories.

D. Builders Risk

Special form of property insurance designed for the needs of construction projects, during the course of construction. This coverage should include damage to materials in transit or stored off-site.

E. Claims-Made

A term describing an insurance policy that covers claims reported or filed during the year the policy is in force for any incidents that occur that year or during any previous period during which the insured was covered under a "claims-made" contract.

F. Completed Operations

Liability insurance coverage that provides coverage for bodily injury and property damage arising out of the operations which have been completed or abandoned.

G. Contractual Liability

This coverage provides protection for liability assumed by the insured in a Commercial General Liability coverage or it can be written as a separate coverage.

H. Indemnity Agreement

An indemnity or hold harmless agreement is a contractual arrangement under which legal liability of one party for damages is assumed by the other party to the contract.

I. Occurrence-Based Coverage

Covers accidents or events that happen during the policy term even if the claim or suit is months or years later.

J. Products and Completed Operations Liability

This coverage insures liability for bodily injury or property damage resulting from:

1. A product which is sold, handled or distributed by a supplier, or
2. Faulty work completed by a contractor.

The city should require products and completed operations liability coverage from all contractors and suppliers of hazardous products, such as guns and ammunition. The city should check to be sure that this coverage is included in the contractor's Commercial General Liability coverage.

K. Professional Liability

Protects the professional against liability for damages and legal defense based upon alleged or real professional errors and omissions or mistakes. Also called errors and omissions coverage and in the case of doctors medical malpractice insurance.

L. Property Insurance

This type of insurance protects against financial loss resulting from destruction of property by insured perils such as fire. This is a different type of coverage than property damage liability insurance, which covers the insured's legal liability for damage to others' property.

M. Protection and Indemnity

Liability insurance for practically all maritime liability associated with the operation of a vessel, other than that covered under a workers compensation policy and under the collision clause in a hull policy.

N. Waiver of Subrogation

When an insurer pays a loss to its insured, and another party's negligence caused the loss, the insurer usually reserves the right to collect from the negligent party the amount it has paid on the loss. This right is called the right of subrogation. When your insurer pays you for damage to your car, then collects from the other party that caused the accident, your insurer is exercising its right of subrogation.

When two parties enter into a contractual agreement, they usually attempt to agree between them as to which party's insurance will cover each type of loss. This agreement may be defeated if the insurer can pay the loss, then collect from the party that intended to transfer the loss through the contract. To prevent this unintended result, contracts will sometimes contain a "waiver of subrogation" provision through which the insurer's right to subrogate will be waived.

EXHIBIT XIV

Guide to Best's Ratings and Financial Size Categories

GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS – INSURER							
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.							
Financial Strength Ratings – Insurer							
	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 affect their balance sheet strength or operating performance and rating implications cannot be evaluated due to a lack of timely or adequate information.				
Rating Outlooks							
Assigned to an interactive Financial Strength Rating to indicate its potential direction 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.						
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.					
s	Syndicate	Indicates rating assigned to a Lloyd's syndicate.					
Affiliation Codes							
Indicates rating is based on a type of affiliation with other insurers.		g	Group	p	Pooled	r	Reinsured
Not Rated Categories							
Assigned to companies reported on by A.M. Best, but not assigned a Best's Rating.							
NR-1: Insufficient Data.		NR-2: Insufficient Size and/or Operating Experience.			NR-3: Rating Procedure Inapplicable.		
NR-4: Company Request.		NR-5: Not Formally Followed.					
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 <i>Terms of Use</i> at www.ambest.com .							
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Version 041411							



EXHIBIT XIV (Continued)

Financial Size Categories (FSC)

To enhance the usefulness of our ratings, A.M. Best assigns each letter rated (A++ through D) insurance company a Financial Size Category (FSC). The FSC is designed to provide a convenient indicator of the size of a company in terms of its statutory surplus and related accounts.

Many insurance buyers only want to consider buying insurance coverage from companies that they believe have sufficient financial capacity to provide the necessary policy limits to insure their risks. Although companies utilize reinsurance to reduce their net retention on the policy limits they underwrite, many buyers still feel more comfortable buying from companies perceived to have greater financial capacity.

Financial Size Category			
FSC	Adj. Policyholder Surplus (\$ Millions)		FSC Adj. Policyholder Surplus (\$ Millions)
I	Less than 1		IX 250 to 500
II	1 to 2		X 500 to 750
III	2 to 5		XI 750 to 1,000
IV	5 to 10		XII 1,000 to 1,250
V	10 to 25		XIII 1,250 to 1,500
VI	25 to 50		XIV 1,500 to 2,000
VII	50 to 100		XV 2,000 or greater
VIII	100 to 250		