

APPENDIX B

WASHINGTON SUBURBAN SANITARY COMMISSION

PROCUREMENT OFFICE

INSURANCE AND BONDING

CONTRACT NO.

SAMPLE

1. INSURANCE REQUIREMENTS

A. INSURANCE:

The Contractor shall be required to maintain insurance for the term of this Contract as specified in the "Insurance Requirements" Section herein. The Certificate of Insurance and Endorsements shall be submitted to the Contract Administrator within 10 days after receipt of the Notice of Award. All insurance required by this Appendix B must be maintained during the entire term of the contract, including any renewal or extension terms, until all work has been completed. Also, certain coverages must be continued following completion of the work as shown in the section B.

The Contractor shall instruct an insurance broker or agent to provide the Washington Suburban Sanitary Commission a certificate of insurance and endorsements, i.e. additional insured, waiver of subrogation, attesting to the issuance of insurance policies affording coverage as required and listed in B below. Please note that such certificate of insurance and endorsements along with any required bonds must be issued and then approved by the Washington Suburban Sanitary Commission prior to the issuance of a Notice to Proceed by the Contract Administrator. The following requirements apply to all work under the contract. To the extent permitted by applicable law, the Washington Suburban Sanitary Commission reserves the right to adjust or waive any insurance or bonding requirements contained in this Appendix B and applicable to the contract.

The Contractor shall not allow any subcontractor to start work on any subcontract until all insurance required of the subcontractor has been obtained and approved by the Contractor. The Contractor shall require all subcontractors to maintain workers compensation and employers liability, business auto liability, commercial general liability and any other applicable coverage in the same manner as specified for the Contractor.

B. TYPES OF COVERAGE:

The Contractor shall provide and keep in full force the following insurance noted as minimum liability limits and mandatory coverage during the term of this Contract:

(“X” EQUALS MANDATORY)

Coverage Required

Limits (Figures Denote Minimums)

<input type="checkbox"/>	1. Worker's Compensation & Employer's Liability	Statutory workers compensation \$500,000 accident, \$500,000 disease, \$500,000 policy limit disease
<input type="checkbox"/>	2. Commercial General Liability <u>Occurrence form, including but not limited to the below</u> a. General aggregate applies per project b. Premises/Operations c. Independent Contractors d. Products/Completed Operations (to apply for two years following termination of contract) e. Contractual Liability f. Personal Injury Liability g. Any XCU exclusions removed	Items b. and e. require a \$1,000,000 single limit for bodily injury and property damage each occurrence with a \$2,000,000 general aggregate that applies to project under contract, and a separate \$2,000,000 aggregate for products/completed operations. \$1,000,000 each offence for Item f.
<input type="checkbox"/>	3. Business Auto Liability a. All Owned, Hired & Non-owned b. Motor Carrier Act Endorsement	<u>\$1,000,000</u> Bodily Injury & Property Damage liability each accident
<input type="checkbox"/>	4. Umbrella Liability	\$_____ BI, PD, & Personal Injury
<input type="checkbox"/>	5. Pollution Liability	\$1,000,000 each claim and aggregate
<input type="checkbox"/>	6. Errors or Omissions Liability	\$1,000,000 each claim and aggregate
<input type="checkbox"/>	7. Employee Dishonesty Coverage	\$_____ Limit of Insurance
<input type="checkbox"/>	8. Builder's Risk	Insurable Value = ____% of the Contract Value
<input type="checkbox"/>	9. Installation Floater	Insurable Value = ____% of the Contract Value
<input type="checkbox"/>	Other Insurance Required:	

C. ADDITIONAL INSURED:

The Commission, its agents and employees shall be included as additional insured(s) in the Commercial General Liability insurance policy. Coverage for the Commission its agents and employees shall apply for defense of claims and damages for injury to persons, including bodily injury, death or any form of personal or advertising injury, or property damage arising out of or resulting from the performance of the work or product, whether caused or alleged to be caused in whole or in part by any negligent act or omission of the Contractor, or any subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them or the Commission or its agents or employees may be liable. See below for acceptable forms. The multiple forms combination shown below, or their equivalent, shall be provided by Contractors performing work for the Commission that would be considered your work as defined in ISO form CG 0001. Other contractors or vendors shall provide additional insured status per form CG 2010 or its equivalent. The additional insured endorsement(s) must be attached to the certificate of insurance in order to effectuate additional insured status in accordance with the Washington Suburban Sanitary Commission contractual requirements. This endorsement requirement does not apply so long as the contractor and broker/agent warrant that there is a blanket additional insured provision included in the insurance policy.

Special Note: The following combinations of ISO forms, or their equivalent, shall be acceptable:

- **CG 2010** entitled “Additional Insured - Owners, Lessees or Contractors – Scheduled Person or Organization” and **CG 2037** entitled “Additional Insured - Owners, Lessees or Contractors – Completed Operations”;

OR

- **CG 2033** entitled “Additional Insured - Owners, Lessees or Contractors - Automatic Status When Required in Construction Agreement With You” and **CG 2037** entitled “Additional Insured - Owners, Lessees or Contractors – Completed Operations”.

D. SUBROGATION:

The Workers Compensation and Business Auto policy must each provide for a waiver of subrogation in favor of the Commission, its agents and employees. The waiver of subrogation endorsement must be attached to the certificate of insurance in order to effectuate waiver of subrogation in accordance with the Washington Suburban Sanitary Commission contractual requirements. This endorsement requirement does not apply so long as the contractor and broker/agent warrant that there is a blanket waiver of subrogation included in the insurance policy provisions.

E. PREMIUM PAYMENTS, DEDUCTIBLES/RETENTIONS, AND COMMISSION ACCEPTANCE:

The premium to be expended for all of the above-referenced policies of insurance and bonds shall be paid by the Contractor. Payment of any deductibles or self-insured retentions applying under any policies shall be the responsibility of the Contractor. The policies of insurance, certificates of insurance and the insurance company or insurance companies issuing such bonds or policies of insurance must be acceptable to the Commission. All companies providing such coverage, for all contracts, regardless of size, must **be allowed to conduct and transact insurance business in the State of Maryland.**

F. DESIGNATION AS TO APPLICABILITY:

All certificates of insurance and applicable endorsements must be issued indicating a specific Contract number or to all work contract numbers performed by the Contractor for the Washington Suburban Sanitary Commission.

G. CLAIMS MADE LIABILITY INSURANCE

If any liability insurance purchased by the Contractor has been issued on a “claims made” basis, the Contractor must comply with the following additional conditions. The limits of liability and the extensions as described in section 1 B, remain the same. The Contractor must either:

- i. Agree to provide certificates of insurance evidencing the above coverages for a period of three years after final payment for the contract. Such certificates shall evidence a retroactive date, no later than the beginning of the Contractors or subcontractors’ work under this contract, or
- ii. Purchase an extended (minimum three years) reporting period endorsement for the policy or policies in force during the term of this contract and evidence the purchase of this extended reporting period endorsement by means of a certificate of insurance or a copy of the endorsement itself.

H. NOTIFICATION OF CANCELLATION OR NON-RENEWAL:

A minimum of thirty days written notification must be given by an insurer of any alteration, material change or cancellation or non-renewal of any insurance required under this Contract. Such required notification must be sent via Registered or Certified Mail to the address indicated below:

Washington Suburban Sanitary Commission
Procurement Office, 8th Floor
14501 Sweitzer Lane
Laurel, Maryland 20707-5902.

I. COMPLIANCE:

Contractor's failure to comply with all insurance and bonding requirements set forth in this Appendix B and applicable to the contract will not relieve the Contractor from any liability under the contract. Contractor's obligations to comply with all insurance and bonding requirements set forth in Appendix B and applicable to the contract will not be construed to conflict with or limit Contractor's indemnification obligations under the contract.

2. BOND REQUIREMENTS

A. TYPES OF BONDS

The Contractor shall provide the following bonds noted:

("X" EQUALS MANDATORY)

<input type="checkbox"/>	Bid Guarantee	5% of Bid Price
<input type="checkbox"/>	Performance Bond	100% of Contract Value
<input type="checkbox"/>	Payment Bond	100 % of Contract Value
<input type="checkbox"/>	Maintenance Bond	100% of Contract Value

B. BID GUARANTEE

Each Bidder must furnish with his Bid, a Bid Guarantee in an amount not less than 5 percent of the amount of his/her Bid when indicated above.

The Bid Guarantee shall be in the form of a firm commitment, such as a postal money order, certified check or cashier's check, or bid bond. Bid Bonds shall be executed on the Commission Standard Bid Bond Form, included herein, by the Contractor and a corporate bonding company licensed to transact such business in the State of Maryland and indicated as such on the "Maryland Insurance Administration" companies currently licensed to conduct business in Maryland.

The Commission may hold as many of the Bid Guarantees as it may deem advisable until the execution and delivery of the Contract and Contract Bonds, whereupon all Bid Guarantees will be returned. All other Bid Guarantees will be returned within seven days after Bid opening.

C. PERFORMANCE, LABOR AND MATERIAL PAYMENT BONDS

Provide Performance, Labor and Material Payment and Maintenance Bonds as part of the contract execution as stated in Article 1.H herein.

The Contractor shall provide the Performance Bond and Labor and Material Payment Bond on Commission standard forms available at the Commission offices in accordance with requirements set forth in the General Conditions, for: 100 percent of the Contract, when indicated below.

D. MAINTENANCE BOND

For Contracts where the Contractor receives notice from Washington Suburban Sanitary Commission, indicating that the work as required under the captioned Washington Suburban Sanitary Commission contract has been substantially completed by the Contractor, the Contractor will issue a Maintenance Bond for the guarantee period(s) equal to the amount of 100 percent of the performance bond for a period of _____ year(s) from the date of substantial completion. Such bond will indicate the Washington Suburban Sanitary Commission as the Obligee and the Contractor as the Principal.

3. BUILDERS RISK INSURANCE (CONTRACTOR TO PURCHASE)

- A.** The Contractor shall purchase and maintain builders risk insurance on a replacement cost basis with a limit equal to or exceeding the full insurable value of the Project. This insurance shall be maintained until final acceptance of the Project by the WSSC or until no person or entity other than the WSSC has an insurable interest in the covered property, whichever is earlier. This builders risk insurance shall include the interests of the WSSC, Contractor, Subcontractors and Sub-subcontractors in the Project. The WSSC must be specifically included as a named insured.
- B.** Insurance shall be on an "all-risk" or equivalent policy form and shall insure against the perils of fire; extended coverage; theft; vandalism; malicious mischief; collapse; ensuing or resulting loss from faulty, inadequate or defective design, specifications, construction, materials or workmanship; windstorm; flood; and earthquake. Coverage is to apply for debris removal including demolition occasioned by a covered loss with a minimum sublimit of twenty-five percent of the amount of loss or damage. This insurance shall cover reasonable compensation for Architect's and Contractor's services and expenses required as a result of such covered loss. Coverage for flood and earthquake may be written with sublimits acceptable to the WSSC.
- C.** This builders risk insurance shall cover all of the following types of property:

- i. All structures to be constructed, under construction, and/or already constructed which are part of the Project;
 - ii. All materials, equipment, machinery and supplies which are to be incorporated into the Project;
 - iii. Temporary structures of any nature whatsoever; and
 - iv. Underground property, including but not limited to, foundations, pump stations, pumps, pipes, drains, tanks and connections.
- D.** The Contractor shall be responsible for payment of any deductibles applicable under this builders risk insurance or other property insurance applicable to the Project.
- E.** Unless otherwise provided in the Contract Documents, this builders risk insurance shall cover materials to be incorporated into the Project which are off the site, and also such materials in transit. Such coverage may be written with sublimits acceptable to the WSSC.
- F.** This builders risk insurance shall insure (or shall be amended to insure) against loss or damage caused by boiler, machinery, and equipment perils. Such coverage shall be written on a comprehensive basis with coverage applying to the sudden and accidental breakdown of any boiler, fired vessel, unfired pressure vessel, refrigerating and air conditioning vessel, mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power. Coverage is to apply without sublimit or restriction for testing and start-up, including any mechanical, aerostatic, hydrostatic and pneumatic testing.
- G.** **The WSSC and Contractor waive all rights against each other and against the WSSC's other Contractors and own forces described in Article 6, if any, and the subcontractors, sub-subcontractors, elected and appointed officials, officers, agents, employees and consultants, for property damage to or loss of use of the Work to the extent that such property damage or loss of use is covered by this builders risk insurance, boiler and machinery insurance or other property insurance applicable to the Work. The policies shall provide such waivers of subrogation by endorsement or otherwise.**
- H.** Any loss covered under this builders risk insurance or other property insurance applicable to the Work shall be payable as fiduciary for the insureds, as their interests may appear. The WSSC shall pay the owner and Subcontractors their just shares of insurance proceeds received by the WSSC, and by appropriate agreements, written where legally required for validity,

shall require Subcontractors to make payments to their Sub-subcontractors in similar manner.

- I. WSSC, as fiduciary, shall have the power to adjust and settle a loss with insurers.
- J. Partial occupancy or use in accordance with the provisions of the Contract that pertain to partial occupancy or use shall not commence until the builders risk insurer has granted permission by endorsement or otherwise for the WSSC to partially occupy or use any completed or partially completed portion of the Work at any stage of construction. The Contractor shall take reasonable steps to obtain such permission.
- K. This builders risk insurance shall be written on an agreed value basis with no coinsurance or contribution clause applying.
- L. If the WSSC is damaged by the failure or neglect of the Contractor to purchase or maintain insurance as described above, without so notifying the WSSC, then the Contractor shall bear all reasonable costs properly attributable thereto.
- M. Before an exposure to loss may occur, the Contractor shall file with the WSSC a copy of each policy that includes insurance coverages required by this Article. Each policy shall contain all conditions, definitions, exclusions and endorsements applicable to the coverage for this Project. Each policy shall contain a provision that the policy will not be cancelled or allowed to expire until at least sixty (60) days' prior written notice has been given to the WSSC.
- N. The insurance required by this Article is not intended to cover machinery, tools or equipment owned or rented by the Contractor, or its Subcontractors, which are utilized in the performance of the Work but not incorporated into the permanent improvements. The Contractor and its Subcontractors shall, at their own expense, purchase and maintain property insurance coverage for owned, leased or rented machinery, tools or equipment. The Contractor, and its Subcontractors, hereby waive all rights against the WSSC and its elected and appointed officials, officers, agents, employees and consultants for property damage to or loss of use of such machinery, tools or equipment to the extent that such property damage or loss of use is covered by the Contractor's or Subcontractor's property or equipment floater insurance or other similar property insurance maintained by the Contractor or its Subcontractors. The policies shall provide such waivers of subrogation by endorsement.

4. INSTALLATION FLOATER INSURANCE (CONTRACTOR TO PURCHASE)

- A. The Contractor shall purchase and maintain installation floater insurance on a replacement cost basis with a limit equal to or exceeding the full insurable value

of the Work, or the maximum exposure to a single occurrence. This insurance must be maintained at least until final acceptance of the Work by the WSSC.

- B.** The interests of the WSSC and Subcontractors and sub-subcontractors shall be included by naming them as additional insureds and loss payees.
- C.** This installation floater insurance shall include coverage for the following types of property:
 - i. All materials, equipment, machinery and supplies which are to be incorporated into the Project; and
 - ii. If applicable, all underground property, including but not limited to, pumps, pipes, drains, tanks and connections.
- D.** This installation floater insurance shall be written on an all-risks policy form. Covered causes of loss or covered perils shall include but not be limited to:
 - i. Theft;
 - ii. Loss or damage that ensues or results from faulty, inadequate or defective design, specifications, construction, materials or workmanship;
 - iii. Collapse when caused by a covered cause of loss or peril;
 - iv. Explosion;
 - v. Flood, sewer or water back-up, subterranean or ground water; and
 - vi. Earthquake, mudslide or earth movement of any kind.

Flood and earthquake coverages may be written with sublimits exceeding or equal to the greater of ten percent of the total Project cost or \$100,000.

- E.** Recovery is to include the cost of materials, labor, overhead and profits.
- F.** Coverage shall be written on an agreed value basis. Accordingly, any coinsurance or contribution clause shall be deleted.
- G.** This insurance shall not exclude or restrict coverage at vacant or unoccupied locations.
- H.** Losses shall be adjusted with and payable to the WSSC as fiduciary for all other insureds.
- I.** This installation floater insurance shall include coverage for debris removal and demolition made necessary by covered loss or damage with a minimum sublimit of twenty-five percent of the amount of loss or damage.
- J.** This installation floater insurance shall afford coverage for materials and equipment off-site, including while in storage or while at fabrication sites, with

a limit exceeding or equal to the greater of ten percent of the total Project cost or \$100,000.

- K.** Coverage for materials and equipment in transit shall be provided with a limit exceeding or equal to the greater of ten percent of the total Project cost or \$100,000.
- L.** The Contractor shall be responsible for payment of any deductibles applicable under this insurance or other property insurance applicable to the Work.
- M.** The WSSC and Contractor waive all rights against each other and any of their Subcontractors, Sub-subcontractors, elected and appointed officials, officers, directors, trustees, agents, employees and consultants for property damage to or loss of use of the Work to the extent that such property damage or loss of use is covered by this builders risk insurance, boiler and machinery insurance or other property insurance applicable to the Work. The policies shall provide such waivers of subrogation by endorsement or otherwise.
- N.** If the WSSC is damaged by the failure or neglect of the Contractor to purchase or maintain insurance as described above, without so notifying the WSSC, then the Contractor shall bear all reasonable costs properly attributable thereto.
- O.** The Contractor, Subcontractors and Sub-subcontractors shall, at their own expense, purchase and maintain separate property insurance coverage for machinery, tools or equipment owned or rented by them, which are utilized in the performance of the Work but not incorporated into the permanent improvements. The Contractor, Subcontractors and Sub-subcontractors, hereby waive all rights against the WSSC and its elected and appointed officials, officers, agents, employees and consultants for property damage to or loss of use of such machinery, tools or equipment to the extent that such property damage or loss of use is covered by the property or equipment floater insurance or other similar property insurance purchased and maintained by the Contractor, Subcontractors or Sub-subcontractors. The policies shall provide such waivers of subrogation by endorsement or otherwise.