

Appendix 11. Required Insurance

11.1 Required Insurance	11-1
11.1.1 Builder’s Risk	11-1
11.1.2 Professional Liability	11-1
11.1.3 Commercial General Liability	11-2
11.1.4 Commercial Automobile Liability	11-2
11.1.5 Workers’ Compensation and Employer’s Liability	11-2
11.1.6 Contractor Pollution Liability	11-2
11.2 Subcontractors	11-3
11.3 Qualifications of Insurers	11-3
11.4 Project Specific and General Corporate Insurance Policies	11-3
11.5 Insurance Certificates	11-3
11.6 Deductibles and Self-Insured Retentions	11-3
11.7 Additional Insureds	11-3
11.8 Waiver of Subrogation	11-4
11.9 Other Provisions	11-4

APPENDIX 11

Required Insurance



11.1 REQUIRED INSURANCE

The Company, at its sole cost and expense, shall obtain, pay for and maintain, or cause to be obtained, paid for and maintained, the insurance coverage listed below during and throughout the Term in connection with the performance of the Design-Build Work or on the Sites. The Design-Build Work and these insurance requirements also apply to Company work to be performed on Turlock Irrigation District (District) lands and rights-of-way.

11.1.1 Builder's Risk

A builder's risk, or course of construction, insurance policy covering and insuring against the risks of physical loss, damage or destruction to the Design-Build Work (including construction work in progress; all materials, supplies, machinery, fixtures and equipment intended to become a permanent part of the Project or incidental to construction; all temporary structures to be used in or incidental to the fabrication, erection, or testing of the work) until the Acceptance Date. The builder's risk policy:

- Shall be in an amount equal to the Base Design-Build Price;
- Shall be written on an "all risk" basis, including coverage for flood and water damage, subject to a \$20 million aggregate sublimit for flood coverage;
- Shall specifically cover loss or damage arising as a consequence of faulty workmanship or materials;
- Shall include coverage for delay costs, including the loss of revenue, loss of investment income, continued payment of debt service, and the costs of Project redesign if a covered loss ensues as a result of design error, subject to a \$3 million sublimit;
- Shall include loss arising from earthquake and earth movement, subject to a \$20 million aggregate sublimit for Design-Build Work;
- May exclude loss arising from war and related causes; terrorism arising from nuclear, biological or chemical materials; and nuclear perils; and
- May exclude dishonest acts of the Company's employees, mysterious disappearance, and ordinary wear and tear and other usual and customary policy exclusions.

11.1.2 Professional Liability

A professional liability errors and omissions insurance policy covering negligent acts, errors or omissions arising out of the Company's professional design, engineering and architectural services, which policy shall:

- Be in an amount of \$10,000,000 per claim and in the aggregate;
- Be on a "claims-made" basis; and
- Have an extended reporting or discovery "tail" period, or be renewed for a period, of not less than five years after the Acceptance Date.

11.1.3 Commercial General Liability

A commercial general liability insurance policy, written on an occurrence basis and at least as broad as the most recently issued Insurance Services Office (ISO) Form CG 0001, and covering liabilities arising out of the performance of the Design-Build Work, including vicarious exposures of independent contractors, products and completed operations, liability assumed under an insured contract, terrorism, premises-operations, blanket contractual liability, products and completed operations, personal injury and advertising injury, host liquor liability, explosion, collapse, underground hazards, broad form property damage (including completed operations), and (unless covered under separate professional liability insurance) professional services provided in connection with the performance of the Design-Build Work. The policy shall not include exclusions for property damage from explosion, collapse, or underground hazard. The products and completed operations liability coverage shall be maintained for a period of not less than five years following the Acceptance Date. The insurance shall apply separately for each insured against whom a claim is made or a lawsuit is brought, subject only to the insurance policy limits of liability. The policy shall have coverage limits of \$20,000,000 per occurrence or claim and a \$20,000,000 annual aggregate applicable solely to the performance of the Design-Build Work, which requirement may be met with any combination of primary and excess coverage.

11.1.4 Commercial Automobile Liability

A commercial automobile liability insurance policy with limits of liability of \$2,000,000 combined single limit per accident for bodily injury and property damage, which requirement may be met by any combination of primary and excess coverage so long as the excess is written on a “follow form” (or as broad as) basis. The policy shall be at least as broad as ISO CA 0001, code 1 (any auto). The insurance must cover liability arising from any motor vehicle, including owned, non-owned, leased, hired, rented, borrowed or otherwise assigned to or used in connection with the performance of the Design-Build Work.

11.1.5 Workers’ Compensation and Employer’s Liability

Workers’ compensation as required by Applicable Law, and employer’s liability insurance having coverage limits of \$1,000,000 per accident for bodily injury or disease and aggregate.

11.1.6 Contractor Pollution Liability

Pollution liability insurance with limits of \$10,000,000 each claim and an annual aggregate limit of \$10,000,000, covering liability due to pollution arising out of, caused by, or exacerbated by the Design-Build Work. If the policy is written on a “claims made” form, the Company shall continue such coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for five years following the Acceptance Date. The retroactive date or “prior acts inclusion date” of any such “claims made” policy must be no later than the Construction Date. The policy also must include coverage for bodily injury sustained (including death); property damage including physical injury to or destruction of tangible property including the resulting loss of use thereof, and cleanup costs; defense, including costs, charges and expenses incurred in the investigation, adjustment or defense of claims; and losses that arise from the performance of the Design-Build Work. Coverage shall apply to sudden/accidental and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other

irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water, which results in bodily injury or property damage.

11.2 SUBCONTRACTORS

The Company shall be responsible for ensuring that all Subcontractors of the Company performing Design-Build Work secure and maintain insurance as required by Section 8.1(C) of the Contract.

11.3 QUALIFICATIONS OF INSURERS

Except for the professional liability and contractor pollution liability insurance, the Company (or, if applicable, its Subcontractor) shall obtain the insurance with insurance companies that are admitted to transact business in the State and that carry a minimum rating of “A-:VII,” or equivalent, by A.M. Best’s key rating guide. In the case of workers’ compensation and employer’s liability insurance, coverage provided by the State Compensation Insurance Fund is acceptable. The Company shall obtain professional liability and contractor pollution liability insurance with insurance companies that are licensed to transact business in the State and that carry a minimum rating of “A-:IX,” or equivalent, by A.M. Best’s key rating guide.

11.4 PROJECT SPECIFIC AND GENERAL CORPORATE INSURANCE POLICIES

With respect to the builder’s risk insurance policy, the Company shall provide a Project-specific insurance policy. For all other insurance coverages required by this Appendix, the Company may provide insurance coverage through its general corporate insurance policies, with the SRWA’s approval, acting reasonably.

11.5 INSURANCE CERTIFICATES

The Company (and, if applicable, Subcontractor) insurance and any renewals shall be evidenced by certificates of insurance issued by a duly authorized representative of the issuer and delivered to the SRWA in accordance with Section 8.1(B) (Certificates, Policies and Notice) of the Contract. The certificates of insurance shall provide for 60 days’ written notice to the SRWA of cancellation, non-renewal or reduction in limits below those required herein by the insurance company, except 10 days’ notice shall be provided in the event of cancellation due to nonpayment of premium. Upon request of SRWA, the Company shall deliver proof of payment of premiums for insurance required by this Appendix.

11.6 DEDUCTIBLES AND SELF-INSURED RETENTIONS

Any insurance deductibles or self-insured retentions must be commercially reasonable. The Company shall report any deductibles or self-insured retentions to the SRWA for the SRWA’s review and approval.

11.7 ADDITIONAL INSURED

The SRWA and District, and their respective directors, engineers, officers, officials, employees, and agents, are to be covered as additional insureds on all Company (and, if applicable, Subcontractor) policies required under this Appendix (other than with respect to the professional liability, workers’ compensation, and employer’s liability coverage). The additional insured

coverages shall be approved and verified through an endorsement(s) on ISO Form CG 20 10 (or insurer's equivalent), signed by a person authorized to bind coverage on behalf of the insurer(s), and certifying the additional insured coverages. The additional insured coverages and endorsement(s) shall be subject to and comply with the limits of California Insurance Code section 11580.04.

11.8 WAIVER OF SUBROGATION

With the exception of professional liability, the Company agrees to waive subrogation that any insurer may acquire from the Company by virtue of the payment of any loss relating to any insurance provided under this Appendix. The Company shall obtain any endorsement that may be necessary to implement this subrogation waiver.

11.9 OTHER PROVISIONS

All insurance policies required under this Appendix shall provide that the insurers shall have no recourse against the SRWA as an additional insured for payment of any premium or assessment and, with the exception of professional liability and worker's compensation/employer's liability, shall contain a severability of interest provision in regard to the Company's liability policies. For any claims under the Contract, the Company's insurance coverage, with the exception of professional liability and worker's compensation/employer's liability, shall be primary insurance as respects the SRWA, its officers, officials, employees, and agents. Any insurance or self-insurance maintained by the SRWA or the Cities shall be excess of the Company's insurance and shall not contribute with it. The Company shall comply promptly with the requirements of all insurers pertaining to the Project. The Company shall not knowingly do or permit anything to be done that results in the cancellation or the reduction of coverage under any insurance policy on the Project or any part of the Project.