
Table of Contents

**INSURANCE AND INDEMNIFICATION MANUAL
Supplement to Policy 560**

.1 INTRODUCTION..... 1

.2 EXHIBIT I – INSURANCE AND INDEMNITY REQUIREMENTS FOR CONSTRUCTION AND SERVICE CONTRACTS..... 1

2.1 INDEMNIFICATION/HOLD HARMLESS..... 1

2.2 INSURANCE2

2.3 NO LIMITATION2

(1) *Minimum Scope of Insurance*.....2

(2) *Minimum Amounts of Insurance*.....3

(3) *Other Insurance Provisions*.....3

(4) *Acceptability of Insurers*.....3

(5) *Verification of Coverage*3

(6) *Subcontractors*.....4

.3 EXHIBIT II - SPECIAL PROVISIONS FOR CONSTRUCTION AND SERVICE CONTRACTS ... 4

3.1 ENVIRONMENTAL RISKS.....4

3.2 HAZARDOUS WASTE HAULING.....4

3.3 AIRCRAFT, AIRPORTS, WATERCRAFT AND MARINA CONTRACTS.....4

.4 EXHIBIT III – INSURANCE AND INDEMNITY REQUIREMENTS FOR CONSTRUCTION PROJECTS..... 5

4.1 INDEMNIFICATION / HOLD HARMLESS5

4.2 INSURANCE5

4.3 NO LIMITATION5

4.4 MINIMUM SCOPE OF INSURANCE6

4.5 MINIMUM AMOUNTS OF INSURANCE.....7

4.6 OTHER INSURANCE PROVISIONS7

4.7 CONTRACTOR’S INSURANCE FOR OTHER LOSSES7

4.8 WAIVER OF SUBROGATION7

4.9 ACCEPTABILITY OF INSURERS.....8

4.10 VERIFICATION OF COVERAGE8

4.11 SUBCONTRACTORS8

.5 EXHIBIT IV – INSURANCE AND INDEMNITY REQUIREMENTS FOR STANDARD LEASES.. 8

5.1 INDEMNIFICATION / HOLD HARMLESS8

5.2 INSURANCE8

5.3 MINIMUM SCOPE OF INSURANCE9

5.4 MINIMUM AMOUNTS OF INSURANCE.....9

5.5 OTHER INSURANCE PROVISIONS9

5.6 ACCEPTABILITY OF INSURERS.....10

5.7 VERIFICATION OF COVERAGE10

5.8	WAIVER OF SUBROGATION	10
5.9	COUNTY’S PROPERTY INSURANCE.....	10
.6	EXHIBIT V – INSURANCE AND INDEMNITY REQUIREMENTS FOR FACILITY USE AGREEMENTS	10
6.1	INDEMNIFICATION / HOLD HARMLESS	10
6.2	INSURANCE	10
.7	EXHIBIT VI – SPECIAL PROVISIONS FOR FACILITY USE AGREEMENTS	11
7.1	ALCOHOL AVAILABLE FOR CONSUMPTION ON PREMISES, WHETHER SOLD OR NOT.....	11
7.2	ATHLETIC PARTICIPANT EVENTS	11
.8	EXHIBIT VII – INSURANCE REQUIREMENTS FOR PROFESSIONAL SERVICE AGREEMENTS	12
8.1	INDEMNIFICATION/HOLD HARMLESS.....	12
8.2	INSURANCE	12
8.3	NO LIMITATION	12
8.4	MINIMUM SCOPE OF INSURANCE	12
8.5	MINIMUM AMOUNTS OF INSURANCE.....	13
8.6	OTHER INSURANCE PROVISIONS	13
8.7	ACCEPTABILITY OF INSURERS.....	13
8.8	VERIFICATION OF COVERAGE	13
.9	EXHIBIT VIII – INSURANCE CERTIFICATE GUIDELINES.....	14
9.1	WHY CERTIFICATES ARE NEEDED.....	14
9.2	LIABILITY CERTIFICATE GUIDELINES	15
9.3	PROPERTY INSURANCE CERTIFICATES.....	17
.10	EXHIBIT IX – ADDITIONAL INSURED AND AGGREGATE LIMIT ENDORSEMENTS.....	19
11.1	INTRODUCTION	34
11.2	TYPES OF SURETY BONDS	34
(1)	<i>Bid Bonds</i>	34
(2)	<i>Performance Bonds</i>	35
(3)	<i>Payment Bonds</i>	35
(4)	<i>Maintenance Bonds</i>	35
11.3	WHY ARE BONDS NEEDED	36
11.4	WHAT BONDS SHOULD BE REQUIRED	36
11.5	WHAT SURETY COMPANIES ARE ACCEPTABLE TO THE OWNERS.....	36
11.6	SPECIFYING THE AMOUNT OF BONDS	36
11.7	SAMPLE REQUIREMENTS	37

CONTRACTS INSURANCE AND INDEMNIFICATION REQUIREMENTS

SUPPLEMENT TO POLICY 560 – APPENDIX C

.1 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 the Human Resource Director ("Director").

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 that you want adequate insurance limits from. 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.

.2 EXHIBIT I – INSURANCE AND INDEMNITY REQUIREMENTS FOR CONSTRUCTION AND SERVICE CONTRACTS

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

2.1 Indemnification/Hold Harmless

The Contractor shall defend, indemnify, and hold the County, 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 County.

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 County, 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.

2.2 Insurance

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

2.3 No Limitation

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

(1) Minimum Scope of Insurance

Contractor shall obtain insurance of the types described below:

- a. 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. 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. There shall be no endorsement or modification of the Commercial General Liability insurance for liability arising from explosion, collapse or underground

property damage. The County shall be named as an insured under the Contractor's Commercial General Liability insurance policy with respect to the work performed for the County 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.

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

(2) Minimum Amounts of Insurance

Contractor shall maintain the following insurance limits:

- a. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
- b. 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) Other Insurance Provisions

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

- a. The Contractor's insurance coverage shall be primary insurance as respect the County. Any Insurance, self-insurance, or insurance pool coverage maintained by the County shall be excess of the Contractor's insurance and shall not contribute with it.
- b. The Contractor's insurance shall be endorsed to state that coverage shall not be cancelled by either party, except after 30-days prior written notice by certified mail, return receipt requested, has been given to the County.

(4) Acceptability of Insurers

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

(5) Verification of Coverage

Contractor shall furnish the County 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.

(6) Subcontractors

Contractor shall ensure that each subcontractor of every tier obtain at a minimum the same insurance coverage and limits as stated herein for the Contractor. Upon request by the County, the Contractor shall provide evidence of such insurance.

This policy applies to all County offices/departments and agencies and to all County Officials and their employees.

.3 EXHIBIT II - SPECIAL PROVISIONS FOR CONSTRUCTION AND SERVICE CONTRACTS

These additional special provisions should also be used in conjunction with Exhibit III Insurance and Indemnity Requirements for Construction Projects.

3.1 Environmental Risks

Including asbestos, hazardous chemicals or waste and nuclear hazards.

Pollution Legal Liability insurance covering losses caused by pollution conditions that arise from the operations of the Contractor. The 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. Coverage may be written on a claims-made basis.

3.2 Hazardous Waste Hauling

Add the following provision to Automobile Liability Minimum Scope of Insurance.

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.

3.3 Aircraft, Airports, Watercraft and Marina Contracts

Special provisions involving aircraft, airports, watercraft and marina contracts shall be referred to the Director for consultation with the County's insurers for specific insurance contract assistance.

.4 EXHIBIT III – INSURANCE AND 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 the County Property Program also include additions or modifications to existing scheduled locations if project exceeds \$10,000,000.

4.1 Indemnification / Hold Harmless

The Contractor shall defend, indemnify, and hold the County, 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 County.

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 County, 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.

4.2 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.

4.3 No Limitation

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

4.4 Minimum Scope of Insurance

Contractor shall obtain insurance of the types described below:

- a. 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. 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. There shall be no endorsement or modification of the Commercial General Liability insurance for liability arising from explosion, collapse or underground property damage. The County shall be named as an insured under the Contractor's Commercial General Liability insurance policy with respect to the work performed for the County 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.
- c. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.
- d. Builders Risk insurance covering interests of the County, 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 and 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 County upon written request by the Contractor and written acceptance by the County. Any increased deductibles accepted by the County will remain the responsibility of the Contractor. The Builders Risk insurance shall be maintained until final acceptance of the work by the County.

4.5 Minimum Amounts of Insurance

Contractor shall maintain the following insurance limits:

- a. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
- b. 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. Builders Risk insurance shall be written in the amount of the completed value of the project with no coinsurance provisions.

4.6 Other Insurance Provisions

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

- a. The Contractor's insurance coverage shall be primary insurance as respect the County. Any insurance, self-insurance, or insurance pool coverage maintained by the County shall be excess of the Contractor's insurance and shall not contribute with it.
- b. The Contractor's insurance shall be endorsed to state that coverage shall not be cancelled by either party, except after 30-days prior written notice by certified mail, return receipt requested, has been given to the County.

4.7 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.

4.8 Waiver of Subrogation

The Contractor and the County 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.

4.9 Acceptability of Insurers

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

4.10 Verification of Coverage

Contractor shall furnish the County 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 County a copy of the Builders Risk insurance policy that includes all applicable conditions, exclusions, definitions, terms and endorsements related to this project.

4.11 Subcontractors

Contractor shall ensure that each subcontractor of every tier obtain at a minimum the same insurance coverage and limits as stated herein for the Contractor (with the exception of Builders Risk insurance). Upon request by the County, the Contractor shall provide evidence of such insurance.

.5 EXHIBIT IV – INSURANCE AND INDEMNITY REQUIREMENTS FOR STANDARD LEASES

Includes standard conventional leases

5.1 Indemnification / Hold Harmless

Lessee shall defend, indemnify, and hold harmless the County, 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 County.

5.2 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 County's recourse to any remedy available at law or in equity.

5.3 Minimum Scope of Insurance

Lessee shall obtain insurance of the types described below:

- a. 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 County 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.
- b. Property insurance shall be written on an all risk basis.

5.4 Minimum Amounts of Insurance

Lessee shall maintain the following insurance limits:

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

5.5 Other Insurance Provisions

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

- a. The Lessee's insurance coverage shall be primary insurance as respect the County. Any Insurance, self-insurance, or insurance pool coverage maintained by the County shall be excess of the Lessee's insurance and shall not contribute with it.
- b. The Lessee's insurance shall be endorsed to state that coverage shall not be cancelled by either party, except after 30-days prior written notice by certified mail, return receipt requested, has been given to the County.

5.6 Acceptability of Insurers

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

5.7 Verification of Coverage

Lessee shall furnish the County 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.

5.8 Waiver of Subrogation

Lessee and County 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.

5.9 County's Property Insurance

County 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.

.6 EXHIBIT V – INSURANCE AND INDEMNITY REQUIREMENTS FOR FACILITY USE AGREEMENTS

For rental or use of County owned facilities and property.

6.1 Indemnification / Hold Harmless

User shall defend, indemnify and hold harmless the County, 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 County.

6.2 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 County'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 County 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 \$500,000 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 County. Any insurance, self-insurance, or insurance pool coverage maintained by the County 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.

.7 EXHIBIT VI – SPECIAL PROVISIONS FOR FACILITY USE AGREEMENTS

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

7.1 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 County 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 County.

7.2 Athletic Participant Events

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

.8 EXHIBIT VII – INSURANCE REQUIREMENTS FOR PROFESSIONAL SERVICE AGREEMENTS

Includes consultants, architects, engineers, accountants, and other professional services.

8.1 Indemnification/Hold Harmless

Consultant shall defend, indemnify, and hold the County, 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 County.

8.2 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.

8.3 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 County's recourse to any remedy available at law or in equity.

8.4 Minimum Scope of Insurance

Consultant shall obtain insurance of the types described below:

- a. 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. 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 County shall be named as an insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the County.
- c. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

- d. Professional Liability insurance appropriate to the consultant's profession. (Refer to Appendix C of Policy 560).

8.5 Minimum Amounts of Insurance

Consultant shall maintain the following insurance limits:

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

8.6 Other Insurance Provisions

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

- a. The Consultant's insurance coverage shall be primary insurance as respect the County. Any insurance, self-insurance, or insurance pool coverage maintained by the County shall be excess of the Consultant's insurance and shall not contribute with it.
- b. The Consultant's insurance shall be endorsed to state that coverage shall not be cancelled by either party, except after 30-days prior written notice by certified mail, return receipt requested, has been given to the County.

8.7 Acceptability of Insurers

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

8.8 Verification of Coverage

Consultant shall furnish the County 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.

.9 EXHIBIT VIII – 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.

9.1 Why Certificates are 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 the County 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. 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.

9.2 Liability Certificate Guidelines

The following guidelines may be used 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 in the Glossary at the end of the manual.

Producer: The Producer is the insurance agent or broker for the insured.

Insured: The person or organization protected by the insurance policies listed on the insurance certificate.

Companies Affording Coverage: Identifies the insurance companies (See 3a).

General Liability: Insurance protecting the person or organization from liability exposures. Make sure Commercial General Liability and Occurrence (Occur) boxes are checked.

Policy Number: The Policy number should be listed to assist in verifying coverage and accessing the coverage if a claim arises.

Policy Effective Date: The date the policy begins.

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.*

Limits: The amount of insurance coverage the insured has purchased.

General Aggregate: The most the insurance policy will pay during the policy period regardless of the number of claims.

Products-Completed Operations Aggregate: The most the insurance policy will pay for liability arising out of the Products-Completed Operations exposure. Completed operations is work by the insured that has been completed as called for in a contract; or work completed at a single job site under a contract involving multiple job sites; or work that has been put to its intended use.

Personal and Advertising Injury: Provides coverage 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.

Each Occurrence: The most the insurance policy will pay for one occurrence.

Fire Damage: The most the liability policy will pay for a fire that you are responsible for in premises you lease or that are in your care, custody or control.

Medical Expenses (Any one person): No fault medical expense insurance provided to other parties injured on your premises. *It is important the limits are typed on the certificate in amounts at least as large as those required in your insurance specifications.*

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

Limits: The amount of insurance coverage the insured has purchased.

Combined Single Limit: The most the insurance policy will pay for bodily injury and property damage combined for each accident.

Bodily Injury (Per person): The most the insurance policy would pay for bodily injury to one person from one accident.

Bodily Injury (Per accident): The most the insurance policy would pay for bodily injury from each accident, regardless on the number of person injured.

Property Damage: The most the policy would pay for third property damage resulting from one accident. *If Combined Single Limit is used Bodily Injury (per person), Bodily Injury (per accident) and Property Damage limits will not be needed to be filled in on certificate.*

Excess Liability: Provides liability coverage on top of the primary general liability policy and may provide excess limits over Automobile Liability. *If Numbers 4 and 9 above do not meet required limits, make sure "Umbrella Form" is checked and verify which underlying policies the umbrella is providing excess coverage for. General Liability and Automobile Liability (primary) limits then may be satisfied by a combination primary and Umbrella/Excess insurance.*

Limits: The amount of insurance coverage the insured has purchased.

Each Occurrence: The most the insurance policy will pay for one occurrence.

Aggregate: The total amount the excess insurance policy will pay during the policy period regardless of the number of claims.

Workers' Compensation and Employers' Liability: *Information not required on insurance certificate. Please separately request Washington Labor and Industries number to verify coverage.*

Other: *May be used to evidence other insurance coverage such as professional liability.*

Description of Operations/Locations/Vehicles/Special Items: This section can refer to a specific job site or contract number. *Additional insured status frequently typed in here but not sufficient unless you also receive a copy of the additional insured endorsement.*

Certificate Holder: Person or Organization that the certificate is issued to.

Cancellation: The amount of written notice that the insurance companies will endeavor to provide the certificate holder in the event the insurance policies are cancelled. *County requires a 30-day written notice of cancellation requirement. Some recommend that the "will endeavor to" wording is stricken in the cancellation wording. The verdict is not out if striking these words will work any better as only a insurance policy endorsement can create a notice obligation on the insurer.*

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

9.3 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:

- a. Property Covered – An appropriate description of all property for which insurance is required
- b. Limits – The appropriate amounts of coverage for the property
- c. Coverage – The type of coverage such as all risk
- d. Interest – The Certificate should indicate the nature of your interest, i. e. owner, lender, or landlord in the insured property
- e. Loss Payee – If 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.*

ACORD™ CERTIFICATE OF LIABILITY INSURANCE						DATE (MM/DD/YY)
PRODUCER Breenahan Insurance Agency, Inc. PO Box 1188 One Court Plaza Holyoke, MA 01041-118			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.			
INSURED Wallace Tree Service PO Box 186 Hampden, MA 01036			COMPANIES AFFORDING COVERAGE			
			COMPANY A	Penn-America Inn, Co.		
			COMPANY B	Savers Property & Casualty		
			COMPANY C	Travelers Inc.		
			COMPANY D			
COVERAGES 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.						
CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY (4) <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR OWNER'S & CONTRACTOR'S PROT	Renewal of (5) PAC 6148397	03/01/05	03/01/06	GENERAL AGGREGATE	\$ 2,000,000
			(6)	(7)	PRODUCTS - COMP/OP AGG	\$ 2,000,000
B	AUTOMOBILE LIABILITY (9) <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS	810-645H1265-TIA-01	03/01/05	03/01/06	COMBINED SINGLE LIMIT	\$ (10)
					BODILY INJURY (Per person)	\$ 100,000
					BODILY INJURY (Per accident)	\$ 300,000
					PROPERTY DAMAGE	\$ 100,000
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
					OTHER THAN AUTO ONLY:	
					EACH ACCIDENT	\$
					AGGREGATE	\$
	EXCESS LIABILITY (11) <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE	\$
					AGGREGATE	\$ (12)
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY (13) AR0000901		03/01/05	03/01/06	WC STATUTORY LIMITS	OTH-ER
	THE PROPRIETARY PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input checked="" type="checkbox"/> EXCL				EL EACH ACCIDENT	\$ 100,000
	OTHER (14)				EL DISEASE - POLICY LIMIT	\$ 500,000
					EL DISEASE - EA EMPLOYEE	\$ 100,000
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS City of Destiny is named as an additional Insured per attached endorsement for project #5421. (15)						
CERTIFICATE HOLDER City of Destiny (16) 101 Main Street Destiny, WA 98059			CANCELLATION (17) SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.			
			AUTHORIZED REPRESENTATIVE P.B. Breenahan <i>Paul Breenahan</i> (18)			
ACORD 25-S (1/95)						© ACORD CORPORATION 1988

.10 EXHIBIT IX – ADDITIONAL INSURED AND AGGREGATE LIMIT ENDORSEMENTS

On the following pages are several of the additional insured and aggregate limit insurance endorsements that the County 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. The County 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." The County 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.

Shown below is a table comparing the various construction and service related additional insured endorsements. If you have any questions regarding these endorsements, please

contact the Director. In addition to the construction endorsements in the table, sample endorsements are provided for other specific requirements in the manual.

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	COUNTY Recommended
CG 20 37 10 01	Owners, Lessees or Contractors-Completed Operations	Yes, use with CG 20 10 10 01	Yes	COUNTY 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	COUNTY 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.

CG 20 10 11 85 Owners, Lessees, or Contractors SAMPLE (completed operations may not be available)

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.

C 20 10 10 93 SAMPLE No Completed Operations

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.

**CG 20 10 03 97 Owners, Lessees, or Contractors SAMPLE No Completed
Operations**

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.)

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.

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:

- 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
- 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 No completed operations may use with CG 20 37 10
01 to add completed operations for a 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.)

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" at the location designated and described in the Schedule of this endorsement performed for that insured and included in the "products-completed operations hazard."

CG 20 37 10 01 SAMPLE completed operations at a designated location. Use with CG 20 10 10 01

POLICY NUMBER

COMMERCIAL GENERAL LIABILITY
CG 20 10 07 04

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

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

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART:

SCHEDULE

Name of Additional Insured Person(s) or Organization(s)	Location(s) of Covered Operations
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

WHO IS AN INSURED (Section II) is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf; in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

With respect to the insurance afforded to these additional insureds, the following additional exclusions apply: This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on 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.

CG 20 10 07 04 - Owners, lesser, or contractor SAMPLE No completed operations

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.

WHO IS AN INSURED (Section II) 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:

In the performance of your ongoing operations or in connection with your premises owned by or rented to you.

CG 20 26 07 04 – Additional Insured Designated Person or Organization
SAMPLE No completed operations

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 in the Declarations.	

WHO IS AN INSURED (Section II) 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 – Completed Operations Only SAMPLE Do not use alone

POLICY NUMBER

COMMERCIAL GENERAL LIABILITY
CG 20 33 07 04

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:

WHO IS AN INSURED (Section II) 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:

Your acts or omissions; or 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.

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

- "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:
 - The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - Supervisory, inspection, architectural or engineering activities
- "Bodily injury" or "property damage" occurring after:
 - 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
 - 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 33 07 04 – Owners, Lessees or Contractors Sample No Completed operations, (ends when operation is complete)

POLICY NUMBER

COMMERCIAL GENERAL LIABILITY

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:

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.

This insurance does not apply to:

“Bodily Injury”, “property damage”, “personal injury” or “advertising injury” arising out of operations performed for the state or municipality; or

“Bodily injury” or “property damage” included within the “products-completed operations hazard”.

CG 20 12 11 85 State or Political Subdivisions – Permits SAMPLE

POLICY NUMBER

COMMERCIAL GENERAL LIABILITY

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:

SCHEDULE

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:

The insurance afforded the vendor does not apply to:

- "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;
- Any express warranty unauthorized by you;
- Any physical or chemical change in the product made intentionally by the vendor;
- 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;
- 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;
- Demonstration, installation, servicing, or repair operations, except such operations performed at the vendor's premises in connection with the sale of the products;
- 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.

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 Vendors SAMPLE

POLICY NUMBER

COMMERCIAL GENERAL LIABILITY

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

Designation of Premises, (Part Leased to You):

Name of Person or Organization (Additional Insured):

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:

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

CG 10 11 01 96 Managers or Lessors of Premises SAMPLE

Reproduction of Insurance Services Office, Inc. Form

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 modifies 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.

CG 25 03 11 85 Aggregate Limits of Insurance (Per Project) SAMPLE

.11 EXHIBIT X – SURETY BOND REQUIREMENTS FOR CONSTRUCTION PROJECTS

11.1 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.

11.2 Types of Surety Bonds

(1) 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 10 to 20 percent of the bid amount.

(2) 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.

(3) 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.

(4) 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.

11.3 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.

11.4 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.

11.5 What Surety Companies Are Acceptable to the Owners

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.

11.6 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.

11.7 Sample Requirements

(1) Performance and Payment Bonds

- a. 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 percent 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 Director.
- b. 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.

(2) Maintenance Bond

- a. 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 Director. Bond shall be in the amount of [10-100 percent] of the contract price.
- b. 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.

GLOSSARY

Insurance Certificate(s): *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.

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.

Best Rating: A rating system that indicates the operating condition of the insurance companies published annually by the A. M. Best Company.

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.

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.

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.

Contractual Liability: This coverage provides protection for liability assumed by the insured in a contract or agreement. Contractual liability insurance is typically included in the Commercial General Liability coverage or it can be written as a separate coverage.

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.

Occurrence-Based Coverage: Covers accidents or events that happen during the policy term even if the claim or suit is months or years later.

Products and Completed Operations Liability: This coverage insures liability for bodily injury or property damage resulting from:

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

The County 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.

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.

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.

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.