

# THE UNIVERSITY OF ALABAMA CONTRACTOR INSURANCE REQUIREMENTS

The University of Alabama (“University”) is exposed to a financial risk from negligent/wrongful acts when using contractors and construction-related services involving new construction, renovation, remodeling or general maintenance of properties owned or controlled by the University. To reduce this potential financial exposure, all contractors and construction-related operations are required to maintain a comprehensive insurance program as follows:

- **Commercial General Liability (“CGL”)** without limiting endorsements on an occurrence basis to cover the Contractor and its employees for all liability for bodily injury, property damage and personal injury with the following minimum limits:

Each Occurrence	\$1,000,000
Products/Completed Operations Aggregate (Per Project)	\$2,000,000
Personal & Advertising Injury	\$1,000,000
General Aggregate (Per Project)	\$2,000,000
Fire Damage	\$ 100,000

The CGL must be provided on either Insurance Service Offices (“ISO”) occurrence form #CG 00 01 (current edition) or an industry equivalent and must include Contractual Liability covering all contractual agreements, both oral and written, including but not limited to, the hold harmless and indemnification agreements in any contract between the University and the contractor. The policy must have ISO endorsement #GL 20 33, or industry equivalent to include the University as an additional insured. The CGL policy must be modified or endorsed to alter the absolute pollution exclusion language to provide coverage for hostile fire and windstorm. The policy must not exclude any claims resulting from an explosion/blasting, collapse, excavation, or underground work.

- **Commercial/Business Automobile Liability (“BA”)** applicable to all automobiles owned, hired, rented or used by the Contractor and automobiles not owned by but used on behalf of the Contractor. The BA policy must be provided on either ISO form #CA 00 01 (current edition) or an industry equivalent. In the event the Contractor’s automobiles haul hazardous materials in the Contractor’s policy must be amended to include Pollution Liability-Broadened Coverage (CA9948). Policy will provide the following minimum limits:

Combined Single Limit	\$1,000,000
-----------------------	-------------

- **Excess/Umbrella Liability** with the following minimum limits:

Each Occurrence & Aggregate	\$ TBD on Each Project
-----------------------------	------------------------

The CGL and BA limits outlined above may be accomplished through a combination of primary and excess/umbrella liability policies written on a follow-form basis. In the event the primary CGL and/or BA limits are less than requested, the amount of required excess/umbrella liability will increase by amount the primary insurance is deficient.

- **Workers' Compensation/Employer's Liability** insurance for the benefit of injured employees as required by law and Employers Liability with the following minimum limits:

Workers Compensation (Coverage Part A)	<i>Statutory</i>
Employer's Liability (Coverage Part B) - Per Occurrence	\$1,000,000

If applicable, the policy will be amended to provide coverage under the Longshoremen's and Harbor Worker's Compensation Act.

With the University's prior approval, a vendor/contractor may be allowed to participate in a workers' compensation self-insured (individual or group trust) program, and thus, waiving the *A.B. Best's* or *Standard & Poor's* rating requirement as long as self-insured is in good standing with the Alabama Department of Industrial Relations and evidence of excess insurance is provided.

- **Builder's Risk**

- The University is providing this coverage through a commercial insurer that offers a competitive program with a scope of coverage that is understood to be comprehensive by commercial insurance standards. The commercial insurer selected by the University will have an *A. M. Best's* rating of no less than A- VIII. The General Contractor will be responsible for the \$10,000 per occurrence deductible should claims be made. This will be reimbursed to the University through a reduction in the General Contractor's Payment Application. The decisions of the builders risk insurer, on the calculation and settlement of claims will be final.
- The limit on stored materials is capped at the project value, either on-site or off-site. The limit for materials in transit is \$1,000,000 and additional limits are available upon request and subject to acceptance by the underwriter.
- The Builder's Risk insurance program secured by the Owner does not provide coverage for damage, theft, or any other loss to tools or equipment owned, leased, or rented by the Contractor, employees of the Contractor, or any Subcontractor. There is coverage for scaffolds, forms and fences subject to a \$1mil limit.
- Any coverage decisions made by the insurer shall be final and any effort to negotiate or bring legal action against the insurer due to a coverage denial or other position taken by the insurer that results in a reduced or discounted claim shall be done with a reasonable spirit of cooperation between the Owner and Contractor.
- Protective Safeguard Requirements:
  - The Contractor must take every reasonable effort to protect materials at off-site storage location(s), acceptable to Owner, and to prevent loss due to theft, vandalism, or other physical perils. At a minimum, the protective measures are to include documented storage at a bonded warehouse with adequate protection to prevent theft, vandalism, and damage resulting from perils to include, but not limited to, fire, rain, sleet, snow, ice, and wind. The warehouse is required to have an alarm system activated by smoke/fire, unlawful entry, and water flow resulting from the discharge of a fire sprinkler system.
  - Materials transported from off-site storage facilities to the site must be handled in a manner to prevent damage in transit. At a minimum, the protective measures must include the use of equipment designed for such application and with a rated capacity that is equal or greater than the materials being hauled. The materials must be protected to prevent damage resulting from perils to include, but not limited to, fire, rain, sleet, snow, ice, and wind

and be secured in a manner to prevent falling and to afford reasonable protection in the event of collision, upset, or overturn. While in transit the driver may not leave the road unattended for any period longer than is absolutely necessary for refreshment, refueling, or restroom breaks.

**Insurance Company Minimums** - All policies will be underwritten by insurance companies acceptable to the University of Alabama. The insurance company must have a minimum *A.M. Best's* rating of A- VIII or a *Standard and Poor's* rating of BBB+ and shall be licensed as an admitted insurer or authorized by the Alabama Commissioner of Insurance as a surplus lines insurer.

**Certificate of Insurance Requirements** - Prior to the commencement of any work, the Contractor must provide a Certificate of Insurance on the ACORD form evidencing coverage in compliance with the University's insurance requirements. The certificate of insurance will provide that the University of Alabama will be provided written notifications at least 30 days prior to any material change, cancellation or non-renewal of any policies indicated. All certificates shall be in original form and signed by a licensed Alabama agent.

The Certificate of Insurance shall include the following wording to extend additional insured status to the University and Hoar Construction L.L.C. and waiver of subrogation/rights of recovery provisions to the University:

*The Board of Trustees of the University of Alabama, its individual trustees, officers, directors, employees, agents and representatives and Hoar Construction, L.L.C. are included as additional insureds as respect to the Commercial General Liability policy. Unless precluded by law or restricted or modified by contract, all policies waive the right to recovery or subrogation against the Board of Trustees of the University of Alabama, its individual trustees, officers, directors, employees, agents and representatives.*

A replacement certificate must be provided at least 10 days prior to the expiration of any policy. In the event the coverage is placed with a new insurance company upon expiration, coverage may not be materially altered or substituted unless the coverage terms are beneficial to *The Board of Trustees of the University of Alabama*.

**Subcontractors** - If the contractor elects to engage the services of a subcontractor or other related construction services, it is the obligation of the primary or general contractor to confirm every subcontractor and every lower tier subcontractor meets the insurance requirements outlined above. If for any reason a subcontractor fails to procure and maintain insurance as required, all such required insurance shall be procured and maintained by the contractor at the contractor's expense.

Although some subcontractors may be allowed an exemption to carry workers' compensation insurance due to size or structure of the entity, the obligation to provide insurance is not waived without prior permission from the Owner.

**Duration of Insurance Coverage** – After substantial completion of the project and acceptance by the University, the contractor must renew all required liability insurance programs, other than the builder's risk and installation floater for a minimum of 24 months or as allowed by the Owner once all work is completed and the warranty/adjustment period has passed. The coverage provided during the project shall not be altered or modified without approval from the University. The contractor may elect to

change insurance carriers, but any replacement must provide equal coverage and a minimum financial rating as outlined above.

**Deductibles and/or Self-Insured Retentions (“SIR”)** – A contractor may elect to secure an insurance program with a deductible or SIR of up to \$25,000 without prior approval from the University. Any deductible or SIR larger than this amount must be approved by the University and audited financials will be required to judge the financial ability to absorb the obligations of a deductible or SIR without a material impact on the solvency of the contractor.

**Waivers of Subrogation** – Unless otherwise stipulated in a contract or other agreement, the Owner and Contractor waive all rights against (1) each other and any of their subcontractors, sub-subcontractors, agents and employees, each of the other, and (2) the Architect, Architect’s consultants, separate contractors performing construction or operations related to the Project, if any, and any of their subcontractors, sub-subcontractors, agents and employees, for damages caused by fire or other causes or loss. But said waiver shall apply only to the extent the loss or damage is covered by builder’s risk insurance applicable to the Work or to other property located within or adjacent to the Project, except such rights as they may have to proceeds of such insurance held by the Owner or Contractor as fiduciary. The Owner or Contractor, as appropriate, shall require of the Architect, Architect’s consultants, separate contractors, if any, and the subcontractor, sub-subcontractors, suppliers, agents and employees of any of them, by appropriate agreements, written where legally required for validity, similar waivers each in favor of other parties enumerated herein. The Policies shall provide such waivers of subrogation by endorsement or otherwise. A waiver of subrogation shall be effective as to the person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged. The waivers provided for in this paragraph shall not be applicable to loss or damage that occurs after final acceptance of the Work.