



SULLY-MILLER
CONTRACTING CO.

Types of Coverage Frequently Required

What are they and What does it cover?

Revised April 2013

The following coverages may be required based on the vendor's or subcontract's scope of services, level of risk, Best Management Practices of the insurance industry, Company or Owner's contract requirements. Additional coverage may be required if necessary by the Owner or Agencies. Dollar limits of required insurance are set by contracts, statute of law or ordinance, or when there is no specific amount required by law; limits are based on the amount of risk to Sully-Miller Contracting Company (SMCC) or from the Owner or from the contractor's , vendors or subcontractors activities.

For coverages with an *, please refer to previous section, Policy Conditions, Additional Insured.

General Liability*

Insurance covering your operations (and products, where applicable) is required whenever the SMCC or the Owner is at risk of third party claims which may arise out of your work or presence on the contract site premises.

- *Contractual Liability* coverage is a required inclusion that covers liability of the insured assumed in a contract.
- *Premises-Operations* coverage is a required inclusion that covers liability for injury or damage arising out of the insured's premises or out of the insured's business operations while such operation is in progress.
- *Products-completed operations* coverage is a required inclusion that encompasses liability arising out of the insured's products or business operations conducted away from the insured's premises once those operations have been completed or abandoned.
- *Independent Contractors* is coverage for an individual or company who has signed an agreement with another party to perform some job or function on behalf of that party without the direction or oversight of the party.

- *Personal Injury* is a category of insurable offenses that produce harm other than bodily injury, such as, false arrest, detention, imprisonment, malicious prosecution, wrongful eviction, slander, libel, and invasion of privacy.
- *Broad Form Property Damage* is liability exposure by risk of loss to property in a contractor's care, custody, or control, or on which contracted operations are being performed.

Automobile Liability*

Insurance required only where vehicles are used in performing the work of your contract or where they are driven off-road on contract/job site premises; it is not required for simple commuting unless SMCC is paying mileage. However, compliance with California law requiring auto liability insurance is a contractual requirement.

Errors and Omissions or Professional Liability

Insurance form that protects the insured against liability for committing an error or omission in performance of professional duties under contractual agreement with SMCC or the Owner. Generally, such policies are designed to cover financial losses rather than liability for bodily injury and property damage. Coverage will be:

1. Required by all subcontractors or vendors providing professional services such as but not limited to engineering, geotechnical, survey services or,
2. As specified on a project-by-project basis if you are working as a licensed professional.
3. The length of the claims discovery period required will vary with the circumstances of the individual job or contract.

Workers' Compensation and Employer's Liability

These coverages are not required for single-person contractors as they have no employees. However, under state law these coverages must be provided if you have any employees at any time during the period of this contract. Waiver of Subrogation on this coverage is required for all SMCC jobs.

Builder's Risk

Builder's risk insurance is a special type of property insurance which indemnifies against damage to buildings and/or construction projects while they are under construction. Builder's risk insurance is "coverage that protects a person's or organization's insurable interest in materials, fixtures and/or equipment being used in the construction or renovation of a building or structure should those items sustain physical loss or damage from a covered cause." This includes materials items stored on site to be added to the project in the construction process. Builder's risk covers perils such as fire, wind, theft and vandalism and many more. It typically

does not cover perils such as earthquake, flood or wind in beach zones unless the policy has been specifically endorsed to do so. Coverage is typically during construction period only, and is intended to terminate when the work has been completed and the property is ready for use or occupancy. If you are going to properly setup your policy, coverage should be effective prior to when the materials are delivered to the job site. Coverage ends upon the earlier of closing of the sale, occupancy or the policy expiration date. After builder risk coverage expires, due to sale or occupancy, the new owner should take out permanent property insurance on the building or improvements such as a home owner's policy or a commercial property policy.

As previous stated this is a property insurance policy that is designed to cover property in the course of construction. This type of policy was formerly and commonly known as "Course of Construction" policy. There is no single standard builders risk form; most builders risk policies are written on inland marine (rather than commercial property) forms. Coverage is usually written on an all risks basis and typically applies not only to property at the construction site, but also to property at off-site storage locations and in transit. Builders risk insurance can be written on either a completed value or a reporting form basis; in either case, the estimated completed value of the project is used as the limit of insurance.

Ocean Marine Liability*

Insurance covering the transportation of goods and/or merchandise by vessels crossing both foreign and domestic waters including any inland or aviation transit associated with the shipment within the jurisdiction of any Harbor or Parks Department, BLM or Water District. This type of marine insurance also encompasses coverage for damage to the vessels involved in shipments and any legal liability arising in the course of shipment.

Protection and Indemnity (P&I) Insurance

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

Jones Act (Merchant Marine Act of 1920)

Provides seamen with a negligence remedy for on-the-job injury under the jurisdiction of any Harbor Department without having to overcome employer defenses of assumption of the risk or fellow servant liability. Contributory negligence of the employee does not bar recovery, but recovery is reduced by the proportion of negligence attributable to the employee. Employers can obtain coverage under a standard workers' compensation policy by purchasing a maritime coverage endorsement.

U.S. Longshore and Harbor Worker's Compensation Act (USL&H)

This is required only when activities are in or over the water, as well as, on the docks, piers and wharves. This is a federal law that provides no-fault workers compensation benefits to employees other than masters or crew members of a vessel injured in maritime employment under the jurisdiction of any Harbor Department – generally, in loading, unloading, repairing, or building a vessel. Employers can obtain coverage under a standard workers compensation policy by purchasing an LHWCA coverage endorsement.

Railroad Protective Liability

Insurance coverage protecting a railroad from liability it incurs because of the work of contractors on or near the railroad right-of-way, dead or alive, within 50 feet. The railroad exclusion must be deleted from the corresponding General Liability policy.

Professional Liability

Coverage designed to protect traditional professionals (e.g., physicians, engineers, accountants) and quasi-professionals (e.g., real estate brokers) against liability incurred as a result of errors and omissions in performing professional services under contractual agreement with the Owner or SMCC .

Pollution Liability or Environmental Impairment Liability*

Insurance coverage for liabilities or claims caused by contamination of an environment by substances regarded as pollutants and sometimes clean-up costs associated with pollution.

Aviation/Aircraft Liability*

Insurance coverage that protects employees and passengers of a company or other insured personnel against liabilities or injuries, and property damage caused by operation of an aircraft under the jurisdiction of the Owner and SMCC.

PLEASE NOTE ACCESS AGREEMENTS OR RIGHT OF ENTRY PERMITS REQUIRED FOR A PROJECT CAN AND FREQUENTLY ARE MORE STRINGENT THAN THOSE SHOWN HERE.