

## **Bonding and Insurance Requirements**

1. **PAYMENT BOND AND PERFORMANCE BOND:** Contractor shall not commence the Work until it has provided to the Institute, in a form acceptable to the Institute, a Payment (Labor and Material) Bond and a Performance Bond, each in an amount equivalent to one hundred percent (100%) of the Contract Price issued by a surety admitted to issue bonds in the State of California and otherwise acceptable to the Institute.
2. **CONTRACTOR'S INSURANCE:**
  - 2.1. The Contractor shall procure and maintain at all times it performs any portion of the Services the following insurance with minimum limits equal to the amount indicated below. Where the insurance requirements stated herein conflict with insurance requirements of the City of San Diego, the higher requirement shall apply.
    - 2.1.1. **Commercial General.** One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) general aggregate for bodily injury, personal injury and property damage in the form of Comprehensive General Liability and Contractual Liability. If Commercial General Liability or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to each project/location or the general aggregate limit shall be twice the required occurrence limit.
    - 2.1.2. **Automobile Liability Insurance.** One Hundred Thousand Dollars (\$100,000) per person, Three Hundred Thousand Dollars (\$300,000) per accident, Fifty Thousand Dollars (\$50,000) in property damage, or One Million Dollars (\$1,000,000) combined single limit for any automobile that shall protect the Builder and the Institute from all claims of bodily injury, property damage, personal injury, death, and medical payments arising performing any portion of the Services by Builder.
    - 2.1.3. **Workers' Compensation and Employers' Liability Insurance.** Workers' Compensation Insurance and Employers' Liability Insurance for all of its employees performing any portion of the Services. In accordance with provisions of section 3700 of the California Labor Code, the Contractor shall be required to secure workers' compensation coverage for its employees. If any class of employee or employees engaged in performing any portion of the Services under this Contract are not protected under the Workers' Compensation Statute, adequate insurance coverage for the protection of any employee(s) not otherwise protected must be obtained before any of those employee(s) commence performing any portion of the Services.
    - 2.1.4. **Builder's Risk Insurance.** On a replacement cost value basis, Contractor shall procure and maintain, during the life of this Agreement, Builder's Risk (Course of Construction), or similar first party property coverage to insure against all risks of accidental physical loss and shall include without limitation the perils of vandalism and/or malicious mischief (both without any limitation regarding vacancy or



occupancy), sprinkler leakage, civil authority, theft, sonic disturbance, earthquake, flood, collapse, wind, fire, war, terrorism, lightning, smoke, and rioting. Coverage shall include debris removal, demolition, increased costs due to enforcement of all applicable ordinances and/or laws in the repair and replacement of damaged and undamaged portions of the property, and reasonable costs for engineering services and expenses required as a result of any insured loss upon the Work and Project, including completed Work and Work in progress, to the full insurable value thereof.

2.1.5. **Umbrella or Excess Liability.** Four Million Dollars (\$4,000,000) per occurrence to meet the policy limit requirements of the required policies if Contractor’s underlying policy limits are less than required. There shall be no gap between the per occurrence amount of any underlying policy and the start of the coverage under the Umbrella Liability Insurance Policy. Any Umbrella Liability Insurance Policy shall protect Contractor, Institute, State, and Project Manager(s) in amounts, and that complies with all requirements for Commercial General Liability and Automobile Liability and Employers’ Liability Insurance.

2.1.6. **Other Insurance Provisions:** The policies are to contain, or be endorsed to contain, the following provisions:

2.1.6.1. For the general liability and automobile liability policies:

2.1.6.1.1. The Institute, their representatives, consultants, trustees, officers, officials, employees, agents, and volunteers (“Additional Insureds”) are to be covered as additional insureds with respect to liability arising out of activities performed by or on behalf of Builder; instruments of Service and completed operations of the Builder; premises owned, occupied or used by Builder; or automobiles owned, leased, hired or borrowed by Builder. The coverage shall contain no special limitations on the scope of protection afforded to the Additional Insureds.

2.1.6.1.2. For any claims related to the projects, Builder’s insurance coverage shall be primary insurance with respect to the Additional Insureds. Any insurance or self-insurance maintained by the Additional Insureds shall be in excess of the Builder’s insurance and shall not contribute with it.

2.1.6.1.3. Any failure to comply with reporting or other provisions of the policies including breaches

of warranties shall not affect coverage provided to the Additional Insureds.

2.1.6.2. Builder’s insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

2.1.6.3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either Party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Institute.

2.1.6.4. Builder shall furnish the Institute with Certificates of Insurance showing maintenance of the required insurance coverage and original endorsements affecting coverage. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All endorsements are to be received and approved by the Institute before Work commences. Builder must provide updates on the insurance coverage throughout the term of the Agreement to ensure that there is no break in coverage during the performance of the Work. Failure to provide evidence of current coverage shall be grounds for termination for breach of contract.

2.1.7. **Acceptability of Insurers.** Insurance is to be placed with insurers with a current A.M. Best’s rating of no less than A:VII, unless otherwise acceptable to the Institute.