

Owner Controlled Insurance Program



State of California Department of Corrections and Rehabilitation

Richard J Donovan Infill Project

Insurance Manual

OWNER CONTROLLED INSURANCE PROGRAM

Insurance Manual

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SAMPLE CERTIFICATE OF INSURANCE - ENROLLED PARTIES

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Overview

Welcome to the Richard J Donovan Infill Owner Controlled Insurance Program

State of California Department of Corrections and Rehabilitation (“Owner”) has arranged for its construction project, Richard J Donovan Infill project located in San Diego CA, to be insured under its Owner Controlled Insurance Program (OCIP). An OCIP is a single insurance program that insures the Owner, General Contractor and Subcontractors for Work performed at the Project Site. Certain Contractors and Subcontractors are excluded from this program. These parties are identified in Section 3 of this manual. For purposes of this manual, “Contractor” shall refer to any party, including the General Contractor, having a direct contractual relationship with the Owner.

Coverage under the OCIP includes Workers’ Compensation, Employers Liability, General Liability, and Excess Liability insurance.

The Owner will pay insurance premiums for the OCIP coverage described in this manual. You should then notify your insurance broker/insurer(s) of the coverages provided under this Program for on-site activities to avoid the duplication of coverage and the related costs.

NOTE:

Insurance coverages and limits provided under the OCIP are limited in scope and are specific to work performed after the inception date of your enrollment into this program. Your insurance representative should review this information. Any additional coverage you may wish to purchase will be at your option and expense.

About This Manual

The Insurance Manual was prepared by Aon Risk Services (Aon) and Owner. Aon is the insurance broker and *OCIP Administrator* for this program. The manual is designed to identify, define and assign responsibilities for the administration of the OCIP for Owner projects.

What This Manual Does

This Manual:

- Generally describes the structure of the OCIP
- Identifies responsibilities of the various parties involved in the project
- Provides a *basic* description of OCIP coverage
- Describes audit and administrative procedures
- Provides answers to basic questions about the OCIP
- Will be updated as necessary

What this Manual Does NOT Do

This Manual does not:

- Provide coverage interpretations
- Provide complete information about coverages
- Provide answers to specific claims questions

Refer questions concerning the OCIP, its administration or coverages to the appropriate party identified in the Project Directory. The Directory immediately follows this introduction.

DISCLAIMER:

The information in this manual is intended to outline the OCIP Program. If any conflict exists between this manual and the OCIP insurance policies or Contracts between Owner and the Contractor, the policies or Contracts will govern.

OCIP Project Directory

The following list includes key insurance personnel involved in the project.

OCIP Administration

Aon Risk Services
2277 Fair Oaks Blvd., Suite 250
Sacramento, CA 95864

Program Manager - Greg Kozak

Phone: (916) 369-4810
Fax: (916) 369-4892
Email: Gregory.Kozak@aon.com

Insurance Administrator – Brenda Michalak

Phone: (866) 222-4438 ext. 6
Fax: (800) 363-6695
Email: Acs.construction@aon.com

Program Sponsor – Jan Cottini

199 Fremont St., 17th Floor
San Francisco, CA 94105

Phone: (415) 486-7236
Fax: (415) 486-7022
Email: Jan.Cottini@aon.com

General Contractors

Sundt/Layton A Joint Venture
2860 Gateway Oaks Drive, Suite 300
Sacramento, CA 95833

Wynn Olson – General Superintendent
Bruce McDonough – Project Executive
Brad Malm – Project Manager

Phone: (210) 469-9208
Phone: (916) 830-8000
Phone: (480) 818-7063

State of California

**Dept. of General Services Office of Risk
and Insurance Management**

707 3rd Street, West Sacramento, CA 95605

Carrie Willson, Staff Risk Manager

Phone: (916) 376-5278
Fax: (916) 376-5275
Email:
Carrie.Willson@dgs.ca.gov

Department of Corrections and Rehabilitation

9838 Old Placerville Road, Suite B
Sacramento, CA 95605

Project Director RJDCF – Bobby Khagahni

Phone: (916) 255-2882
Cell: (916) 216-9359
Email:
Bobby.Khagahni@cdcr.ca.gov

OCIP Insurance Coverage

This chapter provides a brief description of OCIP Coverage. You should refer to the actual policies for details concerning coverage, exclusions and limitations.

Enrolled Parties

Enrolled Parties are those parties, other than Excluded Parties, which have applied for OCIP coverage and have received written confirmation and a Certificate of Insurance from the OCIP Administrator that the party has been accepted into the OCIP program. Enrolled Parties are "named insureds" on the OCIP policies and include Owner, Owner's Representative, General Contractor, Enrolled Contractors and Enrolled Subcontractors. Parties named as additional insureds include other parties that Owner elects to add as additional insureds. These parties are also referred to as insureds.

Excluded Parties

Excluded Parties are precluded from OCIP coverage and are described as engineers (including their consultants) surveyors, soil testing engineers, hazardous waste removal and/or transport companies, vendors, suppliers, fabricators, material dealers, truckers, haulers, drivers and others who merely transport, pickup, deliver, or carry materials, personnel, parts or equipment or other items or persons to or from the Project Site. Owner reserves the right, at its sole discretion, to include or exclude any Contractor or Subcontractor from the OCIP. Any Contractor or Subcontractor that the Owner elects not to provide OCIP coverage is considered an Excluded Party.

Evidence of Coverage

Each Enrolled Contractor and Subcontractor will be issued an individual workers' compensation policy. The OCIP Administrator will provide a Certificate of Insurance evidencing workers' compensation, general liability and excess liability to each Enrolled Contractor and Subcontractor, each of whom will be a named insured on the policies. A **Certificate of Insurance** is a document providing evidence of existing coverage for a particular insurance policy or policies. Complete copies of policies will be furnished to an authorized representative of each Enrolled Contractor and Subcontractor upon request to Owner or Owner's Representative.

Description of OCIP Coverages

The following section describes the policies that Owner has arranged for this project:

Workers' Compensation and Employer's Liability

Insurance Carrier:	Old Republic General Insurance Corp.
Policy Term	4/14/2014 to 10/14/2016
Named Insured*:	The Owner, General Contractor and all Enrolled Contractors and Enrolled Subcontractors of every tier.
Interest:	Insures operations performed at the Designated Project Site.
Limits of Liability:	Workers' Compensation Statutory Benefits – California
Employers Liability:	Bodily Injury by Accident \$1,000,000 Each Accident Bodily Injury by Disease \$1,000,000 Each Employee Bodily Injury by Disease \$1,000,000 Policy Limit

* Each insured will receive an individual workers' compensation policy.

Endorsement Highlights:

WC000301A	–	Alternate Employer Endorsement
WC 990318	–	Additional Definitions Endorsement
WC 990314	–	Cancellation Provision
WC 990312	–	Designated Work Place Endorsement
WC 000311	–	Voluntary Compensation
WC 990313	–	Waiver of Subrogation

OCIP INSURANCE COVERAGE

Commercial General Liability

Insurance Carrier: Old Republic General Insurance Co.

Policy Term: 4/14/2014 to 10/14/2016

Named Insured: The Owner, General Contractor and all Enrolled Contractors and Enrolled Subcontractors of every tier.

Additional Insureds: Such other persons or entities designated on the policy as Additional Insureds.

Interest: Insures operations performed at the Designated Project Site.

Limits of Liability:

	Limits of Liability Shared by All Insureds
General Aggregate	\$ 4,000,000
Products/Completed Operations Aggregate	\$ 4,000,000
Personal/Advertising Injury	\$ 2,000,000
Each Occurrence Limit	\$ 2,000,000
Fire Damage Legal Liability (any one fire)	\$ 300,000
Medical Expense Limit (any one person)	\$ 10,000

Limits shown are reinstated annually except for the Products/Completed Operations Aggregate Limit which is a single policy limit. The term of the Products/Completed Operations coverage extension is 10 years.

Each Contractor and/or Subcontractor that is found by the Owner to be at-fault in a loss insured under the Commercial General Liability insurance shall be responsible for an amount of up to \$10,000 of each occurrence, including court costs, attorneys fees and costs of defense for property damage to the extent losses payable under the OCIP General Liability Policy are attributable to Contractor's or Subcontractor's Work, acts or omissions, or of any Subcontractor's lower tier Subcontractors, or any other entity or party for whom Contractor or Subcontractor may be responsible ("General Liability Obligation"). The General Liability Obligation shall remain uninsured by Subcontractor and will not be covered by the OCIP Coverages.

Endorsement Highlights:

- CG 00 01 04 13 – ISO CGL Occurrence Policy
- CG EN GN 0050 – Additional Definitions Endorsement
- CG 20 37 0413 – Additional Insured – Completed Operations
- Draft Copy – Warranty Work Extension Endorsement (24 Mo.)
- CG 20 10 0413 – Additional Insured – Owners, Lessees or Contractors
- CG EN GN 0038 – Fellow Employee Coverage

OCIP INSURANCE COVERAGE

Commercial General Liability Endorsements - Continued:

- CG 21 44 0798 – Limitation of Designated Premises
- CG EN GN 0024 – Knowledge and Notice of Occurrence
- CG EN GN 0043 – Product-Completed Operations Extension
- CG EN GN 0058 – Undisclosed Exposures Endorsement
- CG 2404 – Waiver of Transfer of Rights of Recovery Against Others

Exclusions:

- CG 21 55 0999 – Total Pollution Exclusion – Hostile Fire Exception
- CG 22 79 0413 – Contractors Professional Liability Exclusion
- CG 21 47 1093 – Employment Related Practices Exclusion
- CG EN GN 0019 – Exclusion – Asbestos
- CG EN GN 0025 – Exclusion – Lead
- CG 21 67 1204 – Fungus Exclusion
- CG 21 86 1204 – Exterior Insulation & Finishing Systems Exclusion
- IL 00 21 0908 – Nuclear Energy Liability Exclusion
- CG 21 96 0305 – Silica Exclusion

OCIP INSURANCE COVERAGE

1st Layer Excess Liability

EXCESS LIABILITY (Lead \$25M x/s Primary)

Insurance Carrier: Ace Property and Casualty Co.

Policy Term: 4/14/2014 to 10/14/2016

Named Insured: The Owner, General Contractor and all Enrolled Contractors and Enrolled Subcontractors of every tier.

Additional Insureds: Such other persons or entities designated on the policy as Additional Insureds.

Interest: Insures operations performed at the Designated Project Site.

Limits of Liability:

	Limits of Liability Shared by All Insureds
Each Occurrence	\$25,000,000
Aggregate	\$25,000,000

The term of the Products/Completed Operations coverage extension is 10 years.

OCIP INSURANCE COVERAGE

2nd Layer Excess Liability

EXCESS LIABILITY (\$75M x/s \$25M x/s Primary)

Insurance Carriers: Starr Indemnity, St. Paul Fire & Marine, Endurance

Policy Term: 4/14/2014 to 10/14/2016

Named Insured: The Owner, General Contractor and all Enrolled Contractors and Enrolled Subcontractors of every tier.

Additional Insureds: Such other persons or entities designated on the policy as Additional Insureds.

Interest: Insures operations performed at the Designated Project Site.

Limits of Liability:

	Limits of Liability Shared by All Insureds
Each Occurrence	\$75,000,000
Aggregate	\$75,000,000

The term of the Products/Completed Operations coverage extension is 10 years. Each carrier listed above limits of liability are layered with each carrier providing \$25,000,000 limits.

Note:

Contractors and Subcontractors are advised to arrange their own insurance for owned or leased equipment and materials not intended for inclusion in the project. Neither the Owner nor the OCIP will cover Contractor or Subcontractor property or equipment.

Coverage Description Notice

The OCIP Coverages and exclusions summarized in this Insurance Manual and the other Contract Documents are set forth in full in their respective insurance policy forms. The summary descriptions of the OCIP Coverages in this Insurance Manual are not intended to be complete or to alter or amend any provision of the actual OCIP Coverages. In the event any provision of this Insurance Manual or the Contract Documents conflicts with the OCIP insurance policies, the provisions of the actual OCIP insurance policies shall govern.

OCIP Termination or Modification

Owner reserves the right to terminate or modify the OCIP at any time. In the event the OCIP is terminated, all enrolled Contractors and Subcontractors must provide the coverages outlined in Section 4 for both on-site and off-site operations. The form, content, limits of liability, cost, and the insurer issuing such replacement insurance shall be subject to Owner's approval. The Owner will increase the Contract Sum by the cost for the Contractor and all Subcontractors to provide the replacement insurance.

In the event the OCIP is terminated, the Insurance Credit for all enrolled Contractors and Subcontractors will be based on insurance rates and payrolls incurred up to and including the date of termination based on a final audit of the actual payrolls incurred on the project site. In the event the Owner or OCIP Insurer elects to terminate OCIP coverage for a single or multiple Contractors and/or Subcontractors, the Insurance Credit for each respective Contractor(s) or Subcontractor(s) will be based on insurance rates and payrolls incurred up to and including the date of termination based on a final audit of actual payrolls incurred on the project site.

Contractor Required Coverage

Contractors and Subcontractors are required to maintain coverage to protect against losses that occur away from the Site or that are otherwise not covered under the OCIP.

Contractors and Subcontractors are required to maintain insurance coverage that protects Owner, from liability for claims for damages. These liabilities may arise from the Contractor's and Subcontractor's operations performed away from the Project site, from activities not insured by the OCIP, or from operations performed by Excluded Parties.

There are two types of Contractors and Subcontractors: **Enrolled** Contractors and Subcontractors and **Excluded** Contractors and Subcontractors.

See Section 7
for sample Certificate of
Insurance.

Enrolled Contractors and Subcontractors are to provide evidence of Workers Compensation insurance and General Liability for *off-site activities* as per the insurance specifications in the contract. See Section 3 for the definition of an Enrolled Contractor. All parties, other than Excluded Parties, are required to apply for OCIP coverage using the Enrollment Form in Section 7.

Excluded Contractors and Subcontractors must provide evidence of General Liability and Workers Compensation insurance for all activities including **both** *on-site* and *off-site* activities as per the insurance specifications in the contract. See Section 3 for the definition of Excluded Parties.

Both Enrolled and Excluded Contractors and Subcontractors must provide evidence for Automobile Liability and, if applicable, other insurance coverage's noted in this section for **both** on-site and off-site activities.

Contractor Maintained Coverage's

Prior to the commencement of their respective Work, the Contractor and Subcontractors shall file with the OCIP Administrator an original Certificate of Insurance and/or, at the Owner's option, a certified copy of the insurance policies and any and all endorsements or riders thereto, evidencing compliance with all requirements contained in the Contract, all in form and substance satisfactory to the

CONTRACTOR-REQUIRED COVERAGE

Owner. Upon request of the Owner, the Contractor(s) or Subcontractor(s) shall provide Owner with the proof of payment of premium in full for the current annual period or, if such premiums are financed, evidence that premiums are current.

The limits indicated within this section are a summary of the insurance coverage's required to be maintained by: a) Contractors/Subcontractors enrolled in the OCIP, or b) Contractors/Subcontractors and other parties that are not enrolled in the OCIP. Should there be a discrepancy between this manual and the requirements within the construction agreement between the Owner and General Contractor, the requirements in the construction agreement shall govern.

The limits of liability shown for the insurance required of the Contractors and Subcontractors are minimum limits only and are not intended to restrict the liability imposed on the Contractors and Subcontractors for work performed under their Contract.

All insurances required by the contractor/subcontractors shall be obtained at the sole cost and expense of the contractor/subcontractor; shall be maintained with insurance carriers properly licensed to do business in the state in which the work is to be performed and all other states as required by the terms of the construction agreement, and acceptable in all respects, to the owner and shall be "primary" and non-contributing to any insurances maintained by the Owner; shall contain a Waiver of Subrogation in favor of the Owner, so that in no event, shall the insurance carriers have any right of recovery against the Owner its agents or employees; shall contain a separation of insured provision (severability of interest clause); shall provide written notice be given to the Owner and all additional insured's and certificate holders at least thirty (30) days prior to the cancellation, non-renewal or modification of any such policies, which notice shall be evidenced by return receipt of United States certified mail; shall name the Department of Corrections and Rehabilitation, the State of California and its officers, agents, employees and servants, the construction Manager, the OCIP Administrator, their respective officers, agents and employees, and any additional entities as the State may request as additional insureds, but only insofar as the operations under the Contract are concerned.

Contractors shall have all insurances in full force and effect as of the effective date of the construction agreement between Owner and Contractor and to remain in full force and effect throughout the terms of the Contract and as further required by the Contract. The Contractor shall not take any action, or omit to take any action that would suspend or invalidate any of the required coverage's during the time period such coverage's are required to be in effect.

Subcontractors shall have all insurances in full force and effect as of the effective date of the construction agreement between Subcontractor and Contractor and to remain in full force and effect throughout the terms of the Contract and as further required by the Contract. The Subcontractor shall not take any action, or omit to take any action

CONTRACTOR-REQUIRED COVERAGE

that would suspend or invalidate any of the required coverage’s during the time period such coverage’s are required to be in effect.

Each insurer must be rated at least “A-” (“Excellent”) Class “VII” during the term of the policy, the insurance must be replaced no later than the renewal date of the policy with an insurer acceptable to Owner having an “A-” (Excellent) Class “VII” rating in the most recently published Best’s Insurance Report.

Eligible Contractors shall provide evidence of workers’ compensation insurance for off-site activities.

Workers’ Compensation and Employer’s Liability

Part One - Workers’ Compensation:

Statutory Limit

Part Two - Employer’s Liability:

Annual Limits:

Bodily Injury by Accident, each Accident:	\$ 1,000,000
Bodily Injury by Disease, each Employee	\$ 1,000,000
Bodily Injury by Disease, Policy Limit:	\$ 1,000,000

Excluded Contractors shall provide evidence of workers’ compensation applicable to "on" and "off" site activities.

General Liability

Eligible Contractors shall provide evidence of general liability insurance for off-site activities.

	<u>Enrolled Parties/Excluded Parties</u>	
General Aggregate	\$2,000,000	/ \$4,000,000
Products/Completed Operations Aggregate	\$2,000,000	/ \$4,000,000
Personal/Advertising Injury	\$1,000,000	/ \$2,000,000
Each Occurrence Limit	\$1,000,000	/ \$2,000,000

Excluded Contractors shall provide evidence of general liability insurance applicable to "on" and "off" site activities.

Coverage is required to be on the most current ISO Occurrence form and shall apply to bodily injury and property damage for operations (including explosion, collapse and underground coverage), independent Contractors, products and completed operations. Limits can be provided by a combination of a primary Commercial General Liability policy and Excess or Umbrella Liability policy.

Umbrella/Excess liability

Umbrella liability insurance that is in excess of the primary automobile liability, employer’s liability and general liability coverages in a form that is as broad as the underlying coverage with limits not less than \$5,000,000. The State reserves the right to accept lower limits of coverage.

Automobile Liability

Commercial Business Auto Policy covering all owned, hired and non-owned automobiles, trucks and trailers with coverage limits not less than **\$1,000,000 Combined Single Limit** each accident for Bodily Injury and Property Damage. Coverage will apply both on and away from the Project Site. All Subcontractors shall be required to maintain limits of not less than **\$1,000,000 Combined Single Limit**

All Contractors and Subcontractors shall provide evidence of automobile liability. The OCIP does not cover automobile liability.

CONTRACTOR-REQUIRED COVERAGE

Builder's Risk

During the term of this Agreement, the Contractor shall maintain in force, at its own expense, Builder's Risk insurance. This policy shall provide coverage for the Contractor's labor, materials, and equipment to be used for completion of the Work performed under the Contract against all risks of direct physical loss, with the exception of earthquake and flood, for an amount equal to the full amount of the Contract.

Coverage will include all materials, supplies and equipment that are intended for specific installation at an insured Project Site, while such materials, supplies, and equipment are located at an insured Project Site, in transit and while temporarily located away from an insured Project Site for the purpose of repair, adjustment or storage at the risk of one of the insured parties.

Limit of Liability:	\$ Project Value
Deductible:	\$ 25,000

The coverage for inland transit and storage away from the Project Site will be subject to the following sub-limits:

Transit	\$5,000,000
Off-Site Storage	\$5,000,000
Damage to Adjoining Property	\$5,000,000

Other Property Insurance

Contractors and Subcontractors shall purchase and maintain the necessary property insurances to protect against the perils of fire and extended coverage, including vandalism, malicious mischief and theft, more commonly referred to as "All Risk" insurance, for loss or damage to any owned, borrowed, leased or rented equipment, tools, including tools of their agents and employees, staging towers and forms and property.

Watercraft and Aircraft Liability

The operator of any watercraft or aircraft of any kind must maintain liability naming the Owner and the respective Contractor and/or Subcontractor as an additional insured with primary and non-contributory wording. In addition, the limit of liability must be satisfactory to Owner. Such insurance requirements will be determined as the need arises.

Professional Liability

In the event any Contract specification requires a Contractor to provide professional services, such as but not limited to, architectural, engineering, construction management, surveying, design, etc., a Certificate of Insurance must be provided prior to commencing work evidencing such coverage with a limit of not less than \$25,000,000 per claim and aggregate which shall cover claims

Owner OCIP does not provide professional liability insurance.

CONTRACTOR-REQUIRED COVERAGE

resulting from professional errors and omissions of Contractor and any of its consultants in connection with the Work provided such claims arise during the period commencing upon the preparation of the construction documents and ending three (3) years following acceptance of the work. Such insurance shall be in a form reasonably acceptable to the State of California.

Pollution or Environmental Liability

Pollution or Environmental Liability Insurance covering bodily injury and/or property damage with limits of not less than \$25,000,000, if the work involves abatement, removal, replacement, repair, enclosure, encapsulation and/or disposal of any hazardous material or substance. This coverage must remain in force for both on-site and off-site exposures.

Additional Insureds

Where legally permissible, all insurance policies required in this Section 4 shall name the following as additional insureds and certificate holders utilizing ISO additional insured endorsement CG 20 10 11 85, or its equivalent:

The Department of Corrections and Rehabilitation, the State of California, its officers, agents, employees and servants, the Construction Manager, the OCIP Administrator, their respective officers, agents and employees, and any additional entities as the State may request as additional insureds but only insofar as the operations under the Contract are concerned.

Certificate of Insurance

As part of the enrollment process, all Contractors and Subcontractors of every tier are required to forward a Certificate of Insurance evidencing coverage for contractor required insurance itemized in this Section 4 to Aon prior to commencement of any Work at the Project site. The Enrollment Form and Certificate of Insurance should be sent prior to mobilization to:

Aon Risk Services

Attn: Brenda Michalak

Tel (866) 222-4438 ext. 6

Fax (800) 363-6695

Contractor & Subcontractor Responsibilities

Throughout the course of the Project, Contractors and Subcontractors will be responsible for reporting and maintaining of certain records as outlined in this section.

The Contractor is required to cooperate with Owner and its OCIP Administrator in all aspects of OCIP operation and administration.

Responsibilities of the Contractor include:

- Identifying, and removing from its bid, the cost of OCIP-provided Insurance.
- Providing each Subcontractor with a copy of the Insurance Manual and Project Safety Standards
- Applying to the OCIP, and providing copies of your workers compensation and general and excess liability rate pages.
- Including OCIP provisions in all subcontracts as appropriate
- Providing timely evidence of insurance to the OCIP Administrator
- Notifying the OCIP Administrator of all subcontracts awarded
- Maintaining and reporting monthly payroll records
- Cooperating with the OCIP Administrator's requests for information
- Complying with insurance, claim and safety procedures
- Notifying the OCIP Administrator immediately of any insurance cancellation or non-renewal (Contractor-required insurance)
- Promptly Paying General Liability Obligations
- Assuring Subcontractor compliance with all OCIP requirements

CONTRACTOR-RESPONSIBILITIES

Responsibilities of Subcontractors of all tiers:

- Identifying, and removing from its bid, the cost of OCIP-provided Insurance.
- Reviewing and understanding coverages, exclusions, and limitations of OCIP policies
- Maintaining and reporting monthly payroll records
- Cooperating with the OCIP Administrator's requests for information
- Complying with insurance, claim and safety procedures
- Monitoring its lower tier Subcontractor's Certificates of Insurance
- Promptly Paying General Liability Obligations, if required

Contractor Bids

The State of California provides insurance for the Contractor and all Eligible and Enrolled Subcontractors under the OCIP for Work performed at the Project Site. The section below, “Costs of OCIP Coverage” describes the procedures for bidding, and how you must identify the cost of OCIP Coverage and then exclude this cost from your proposal. Section 7 of this manual contains several worksheets that can help you estimate your insurance costs for this Project. The OCIP Administrator can also help with your estimate.

See Section 7 for sample forms that can help identify your insurance costs.

See Section 2 for information on contacting the OCIP Administrators.

Costs of OCIP Coverage

Each Contractor and Subcontractor is required to **exclude** the Cost of OCIP Coverage from the Contract Sum and to **exclude** the Cost of OCIP Coverage from its proposal for the proposed scope of work (including subcontracted work whether or not the Subcontractor is identified at the time of the proposal submission) and from all Change Orders, overhead cost breakdown, or any request for payment for the Work. All payments for the Work will be net of the Cost of OCIP Coverage. The Cost of OCIP Coverage is equal to the Contractor and its Subcontractor's *reduction* in insurance costs due to eligibility for the OCIP Coverages as determined by using Aon Form-1 and Aon Form-2 located in Section 7.

To aid the Contractor and Subcontractors in identifying its/their Costs of OCIP Coverage, a sample Insurance Credit Worksheet (form Aon-1a), is included in Section 7. Separate forms should be used for the Contractor's self-performed work and each identified Subcontractor's work. These forms may be provided immediately after contract award. For those Subcontractors that are unidentified at the time of contract award to the Contractor, their worksheets can be submitted to Aon upon the award of their subcontracts. The worksheets are to assist the Contractor and Subcontractors in removing the insurance costs from the bid/proposal to help remain competitive. **Do not include these worksheets with any request for payment for the Work.**

CONTRACTOR-RESPONSIBILITIES

Contractor and Subcontractors are solely responsible for ensuring that their Subcontractors of all tiers also deduct the Cost of OCIP Coverage from their proposals, change orders, overhead cost breakdowns, or any request for payment for the Work.

Each Contractor may be required to submit documentation that supports the information supplied on the Aon-1a form. Documentation includes the following pages from Workers' Compensation, General Liability, and Excess Liability policies, as follows:

- Declaration or information page
- Rate page(s)
- Experience Modification Verification (Workers' Compensation only)

If the Contractor or Subcontractor carries a deductible, SIR or dividend for its Workers' Compensation and/or General Liability program, then the following may also be requested:

5 years of Loss Experience (and associated payroll, receipts and/or rating basis) for each line of coverage in which the eligible party retains more than \$10,000 per occurrence, per claim, per loss.

Change Orders

Change orders will be priced by the Contractor and its Subcontractors to **exclude** their cost of workers' compensation, general liability and excess liability insurance costs.

Enrollment

See Section 7 for sample OCIP forms.

Each Contractor shall provide details about its Subcontractors as necessary to enroll them in the OCIP. Owner will need all of the information requested on the Enrollment Application form (Aon-3) in Section 7. Each respective Contractor and/or Subcontractor must complete Application form Aon-3 and be accepted into the OCIP program prior to its site mobilization.

A separate Enrollment Application form (Aon-3) is required for each Eligible Subcontractor of any tier which performs Work at the Project Site. A separate Workers' Compensation policy will be issued to each enrolled Contractor and Subcontractor.

Each Enrolled Contractor or Subcontractor will receive a Confirmation Letter and a Certificate of Insurance evidencing OCIP coverage provided. A Confirmation Letter is a letter issued by the OCIP Administrator that confirms acceptance of the applicant into Owner's OCIP.

Note: Application for Enrollment is required, but Acceptance into the OCIP is not automatic

Application for enrollment into the OCIP is required, but not automatic. Eligible Contractors and all Eligible Subcontractors MUST complete the enrollment forms and participate in the enrollment process for OCIP coverage to apply. Access to the Project Site will not be permitted until enrollment is complete or, in the case of an Excluded Party, evidence of insurance for all required coverages has been provided to the OCIP Administrator.

Safety Guidelines
establishing minimum standards or guidelines for contractor safety programs.

Safety Guidelines

Each Contractor and Subcontractor is required to establish a written safety program and to provide a designated safety representative who is on site when any work is in progress.

Assignment of Return Premiums

The cost of the OCIP insurance coverage is paid by Owner. The Owner will be the sole recipient of any return OCIP premiums or dividends. All Enrolled Contractors and Subcontractors will assign, to Owner, all adjustments, refunds, premium discounts, dividends, credits or any other monies due from the OCIP insurer(s). Contractors will assure that each Enrolled Subcontractor has executed such an assignment. The Enrollment Application form (Aon-3) supplied in Section 7 will be used for this purpose.

Payroll Reports

Each Enrolled Contractor and Subcontractor of every tier must submit monthly payroll reports on line via AonWrap to the OCIP Administrator identifying man-hours and payroll for all work performed at the Project Site by Contract. This information will be used to provide the insurance company with information required for determining the Owner's premium. All payroll records on the project shall be kept separate from all other work.

Each Contractor and Subcontractor shall submit payroll reports prior to the 10th of the following month. Instructions are provided in Section 7. The monthly man-hour and payroll reports should include supervisory and clerical personnel on-site and cover all Work performed at or emanating directly from each Project Site. **Payroll reporting online via AonWrap is mandatory. The Wrap up administrator will provide you with a login and password at enrollment.**

Earnings for overtime should be included only at the normal hourly rate **(DO NOT INCLUDE EXTRA WAGES, OR PREMIUM PORTION OF OVERTIME**

CONTRACTOR-RESPONSIBILITIES

PAY, WHEN CALCULATING PAYROLL). Overtime means those hours in excess of 8 hours worked each day, 40 hours in any week or on Saturdays, Sundays, or holidays, but only when there is an increase in the hourly rate to work such hours.

Insurance Company Payroll Audit

Each Enrolled Contractor and Subcontractor is required to maintain payroll records for each Contract. Such records will allocate the payroll by Workers' Compensation classification(s) and exclude the excess or premium paid for overtime (i.e., only the straight time rate will apply to overtime hours worked). Furthermore, such records will limit the payroll for Executive Officers and Partners/Sole Proprietors to the limitations as stated in the state manual rules.

It is important that you properly classify payrolls, as these are reported to the rating bureau for promulgation of future Experience Modifiers for your firm. All Enrolled Contractors and Subcontractors shall make available their books, vouchers, contracts, documents, and records, of any and all kinds, to the auditors of the OCIP insurance carrier(s) or the Owner's representatives. Availability of records must be for a reasonable time during the policy period, any extension, or during a final audit period as required by the insurance policies.

Note:

Failure to submit the payroll reports as required may result in the withholding of payments until required documentation is received.

Close Out and Audit Procedures

Each Contractor and each Subcontractor must submit a completed Notice of Work Completion on-line via AonWrap upon completion of its respective work and no longer has workers on site. The Aon-5 form will initiate the final payroll report and audit of payroll and man-hours by the OCIP Insurer. These Close Out and Audit activities are expected to take no longer than thirty (30) days. The **OCIP Insurer** is the insurance company (ies) named on a policy or certificate of insurance that provides coverage for the OCIP. The Notice of Work Completion instructions on the proper method for completion is found in Section 7. **This advice will be completed online via AonWrap.**

Claim Procedures

This section describes basic procedures for reporting various types of claims: workers' compensation, liability, and damage to the project.

Workers' Compensation Claims

The main responsibility for any Contractor and/or Subcontractor is first to see that the injured worker receives immediate medical care. **As soon as practical, the supervisor of the injured employee shall immediately notify the General Contractor of the injury.** The General Contractor will have the paperwork necessary to file the claim. You may also be asked to complete an Accident Investigation form. The Contractor will then notify the OCIP insurer of the claim.

General Liability Claims

Report all Liability claims to the General Contractor.

Accidents at or around the job site resulting in damage to property of others (other than your own work product), or personal injury or death to a member of the public, must be reported immediately to the General Contractor. The General Contractor will have the paperwork necessary to file the claim. You may also be asked to complete an Accident Investigation form. The General Contractor will then notify the OCIP insurer of the claim.

Contractor and/or Subcontractor shall cooperate with the Owner or the OCIP insurer representatives in the accident investigation.

Contractor and Subcontractors shall be responsible for an amount of up to \$10,000 of each occurrence, including court costs, attorney's fees and costs of defense for property damage to the extent losses payable under the OCIP General Liability Policy are attributable to Contractor's or Subcontractor's Work, acts or omissions, or Subcontractor's Work, acts or omissions of any of Subcontractor's lower tier Subcontractors, or any other entity or party for whom Subcontractor may be responsible ("General Liability Obligation"). The General Liability Obligation shall remain uninsured by Subcontractor and will not be covered by the OCIP Coverages.

CLAIMS PROCEDURES

Builder's Risk Claims

Report all Builder's Risk claims to the General Contractor.

No coverage is provided for Builder's Risk under the OCIP. Report any damages to your Work or the Work of any other Contractor or Subcontractor to the General Contractor immediately. The General Contractor will have the paperwork necessary to file the claim. The General Contractor will then notify his insurance carrier that provides builder's risk coverage of a potential claim.

Automobile Claims

Report all Auto claims to your insurance carrier and the General Contractor.

No coverage is provided for automobile accidents under the OCIP. It is the sole responsibility of each Contractor and Subcontractor to report accidents/claims involving their automobiles to their own insurers.

However, all accidents occurring in or around the job site must be reported to the General Contractor. Each Contractor and Subcontractor shall cooperate in the investigation of all automobile accidents.

Pollution Claims

Report claims by immediately notifying the General Contractor and OCIP Administrator of any known or suspected pollution incidents or conditions.

Section

7

Forms

This section contains the forms needed for reporting claims, reporting payroll and administration of the OCIP.

This section contains the following forms:

Aon Form-1a	Insurance Cost Worksheet (<i>Fixed Price Type Contracts</i>)
Aon Form-2	Insurance Cost Summary
Aon Form-3	Enrollment Application
Aon Form-4	Payroll Report - Completed on-line via AonWrap
Aon Form-5	Notice of Work Completion – Completed on-line via AonWrap
Exhibit 1	Sample Certificate of Insurance
Exhibit 2	Sample Certificate of Insurance

Note

For assistance in completing these forms, please contact the Insurance Administrator

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