

# TEXAS CITY INDEPENDENT SCHOOL DISTRICT

## INSURANCE AND BONDS REQUIREMENTS FOR CONTRACTORS

### 1.0 GENERAL

A. The District shall require that the following insurance requirements be met on public works contracts:

- 01 No Work will be commenced until all requirements of this Section have been approved by the District in writing.
- 02 The District shall be furnished a Declaration of Insurance or Certificate of Insurance evidencing all policies, provisions and endorsements required by this Section prior to proceeding with any work.
- 03 The insurance shall contain a provision that at least thirty days prior written notice shall be given to the District in the event of cancellation, material change, or non-renewal.
- 04 Insurance and bonds shall be underwritten by a company rated not less than A VII in A. M. Best's latest published *Best's Key Rating Guide*.
- 05 There shall be a hold harmless agreement in which the Contractor assumes liability on the contract and holds the School District harmless.
- 06 The Contractor shall purchase and maintain in force the following kinds of insurance and bonds for operations under construction contracts and as specified in each section.
- 07 No deletions/exclusions from standard coverage form is allowed without the written consent of Texas City Independent School District.
- 08 At the request of owner, contractor shall provide certified copies of all insurance policies in effect.

### 2.0 CASUALTY INSURANCE

#### A. Worker's Compensation Insurance Coverage

Definitions:

Certificate of coverage ("Certificate") - A copy of a certificate of insurance, a certificate of authority to self-insure issued by the Texas Department of Insurance, or a coverage agreement (DWC-81, DWC-82, DWC-83, and DWC-84), showing statutory workers' compensation insurance coverage for the person's or entity's employees providing services on a project, for the duration of the project.

Duration of the project - includes the time from the beginning of the work on the project until the contractor's/person's work on the project has been completed and accepted by the district.

Persons providing services on the project ("subcontractor" in Texas Labor Code 406.096) - includes all persons or entities performing all or part of the services the contractor has undertaken to perform on the project, regardless of whether that person has employees. This includes, without limitation, independent contractors, subcontractors, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity that furnishes persons to provide services on the project. "Services" shall include, without limitation, providing, hauling, or delivering equipment or materials, or providing labor, transportation, or other service related to a project. "Services" does not include activities unrelated to the project, such as food/beverage vendors, office supply deliveries, and delivery of portable toilets.

- 01 The contractor shall provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code 401.011 (44) for all employees of the contractor providing services on the project for the duration of the project.

- 02 The contractor must provide a certificate of coverage to the governmental entity prior to being awarded the contract. The certificate shall show Texas City Independent School District as the certificate holder. The policy must be endorsed to provide a “waiver of subrogation” in favor of Texas City Independent School District.
- 03 If the coverage period shown on the contractor’s current certificate of coverage ends during the duration of the project, the contractor must, prior to the end of the coverage period, file a new certificate of coverage with the district showing the coverage has been extended.
- 04 The contractor shall obtain from each person providing services on a project, and provide to the district:
- a. a certificate of coverage, prior to that person beginning work on the project, so the district will have on file certificates of coverage showing coverage for all persons providing services on a project; and
  - b. no later than seven (7) days after receipt by the contractor, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project.
- 05 The contractor shall retain all required certificates of coverage for the duration of the project and two (2) years thereafter.
- 06 The contractor shall notify the district in writing by certified mail or personal delivery, within 10 days after the contractor knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project.
- 07 The contractor shall post on each project site a notice, in the text form and manner prescribed by the Texas Department of Insurance, informing all persons providing services on the project that they are required to be covered, and stating how a person may verify coverage and report lack of coverage.
- 08 The contractor shall contractually require each person with whom it contracts to provide services on a project, to:
- a. provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011 (44) for all of its employees providing services on the project, for the duration of the project. The policy must be endorsed to provide a “waiver of subrogation” in favor of Texas City Independent School District;
  - b. provide to the contractor, prior to that person beginning work on the project, a certificate of coverage showing that coverage is being provided for all employees of the person providing services on the project, for the duration of the project. The certificate shall show Texas City Independent School District as the certificate holder;
  - c. provide the contractor, prior to the end of the coverage period, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
  - d. obtain from each other person with whom it contracts, and provide to the contractor:
    - 1) a certificate of coverage, prior to the other person beginning work on the project; and
    - 2) a new certificate of coverage showing extension of coverage, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the project.
  - e. retain all required certificates of coverage on file for the duration of the project and for two years thereafter;
  - f. notify the district in writing by certified mail or personal delivery, within 10 days after the person knew or should have known, of any change that materially affects the provisions of coverage of any person providing services on the project; and

g. contractually require each person with whom it contracts to perform as required by paragraphs a - g, with the certificates of coverage to be provided to the person for whom they are providing services.

09 By signing this contract or providing or causing to be provided a certificate of coverage, the contractor is representing to the district that all employees of the contractor who will provide services on the project will be covered by workers' compensation coverage for the duration of the project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of self-insured, with the Texas Department of Insurance's Division of Self-Insurance Regulation. Providing false or misleading information may subject the contractor to administrative penalties, criminal penalties, civil penalties, or other civil actions.

10 The contractor's failure to comply with any of these provisions is a breach of contract by the contractor which entitles the district to declare the contract void if the contractor does not remedy the breach within ten days after receipt of notice of breach from the governmental entity.

**B. Commercial General Liability Insurance (Occurrence basis only)**

|                                   |                    |             |
|-----------------------------------|--------------------|-------------|
| Bodily Injury and Property Damage | Each Occurrence    | \$1,000,000 |
|                                   | General Aggregate  | \$2,000,000 |
| Products/Completed Operations     | Aggregate          | \$2,000,000 |
| Personal and Advertising Injury   | Occurrence         | \$1,000,000 |
| Fire Damage, Legal Liability      | Any one fire       | \$50,000    |
| Medical Expenses                  | Any one person     | \$5,000     |
| Blanket Contracted Liability      | Any One Occurrence | \$1,000,000 |
| Fire and Damage                   | Any One Occurrence | \$50,000    |

01 The Owner shall be named as an additional insured on a primary basis by endorsement on the Contractor's policy as to the subject job. Also, the policy must be endorsed to provide a "waiver of subrogation" in favor of Texas City Independent School District.

02 Contractors whose operations include asbestos abatement and/or removal of hazardous materials. The contractor will provide evidence of an endorsement on the Commercial General Liability policy for inclusion coverage of pollution liability or a separate Environmental Impairment Liability (EIL) policy.

03 Contractor agrees to maintain the required Commercial General Liability Insurance for a period of at least 2 years after the operations are completed as defined in the Commercial General Liability policy and accepted by the owner, whichever occurs later.

**C. AUTOMOBILE LIABILITY INSURANCE**

01 Business (Commercial) Automobile Liability Insurance \$1,000,000  
 Coverage for all owned, non-owned and hired vehicles: Combined Single Limit

02 The Owner shall be named as an additional insured on a primary basis by endorsement on the Contractor's policy as to the subject job. Also, the policy must be endorsed to provide a "waiver of subrogation" in favor of owner.

**D. UMBRELLA LIABILITY INSURANCE (EXCESS) \$5,000,000**

01 The Owner shall be named as an additional insured on a primary basis on the Contractor's policy as to the subject job and for the full limits.

02 This policy shall provide coverage over the Workmen's Compensation, Commercial General Liability and Business Automobile Liability policies.

03 The Umbrella Policy at a minimum must be at least as broad as the required underlying coverages.

- 04 Contractor agrees to maintain the required Umbrella Liability insurance for a period of at least two (2) years after operations are completed as defined in the Commercial General Liability policy and accepted by the owner, whichever occurs later.
- 05 The policy must be endorsed to provide a “waiver of subrogation” in favor of Owner.

**3.0 PROPERTY INSURANCE (BUILDER'S RISK/INSTALLATION FLOATER)**

- A. The policy shall be written in the name of the Owner, Contractor, and subcontractors as their interest may appear.
- B. The policy shall be written on an all risk basis for physical loss or damage and include theft, vandalism, malicious mischief, collapse, flood and wind.
- C. The amount of coverage shall be for the full insurable value of work. Also, a sub limit for Flood Insurance of not less \$2,000,000 must be included.
- D. The deductible shall not be over \$1,000 without the approval of the Owner. (Deductible losses shall be paid by the Contractor) except for customary deductibles for wind and flood which will always be subject to the approval of the owner.
- E. The policy shall include an endorsement allowing Owner occupancy, and the insurance shall not be canceled or altered on account of partial occupancy prior to completion.
- F. A subrogation clause shall waive subrogation as to the Contractor, subcontractor, sub-subcontractors, the Owner and his employees and representatives.
- G. The original builders risk policy shall be furnished to the Owner prior to start of the job.
- H. Connected and ready to use and/or testing exclusions must be deleted.
- I. Builders Risk Insurance will be negotiated as a separate item once the final cost of the project has been determined. Owner reserves the right to purchase the Builders Risk Insurance at its own cost.
- J. All endorsements in favor of Texas City ISD to be attached to Certificate of Insurance.

**3.1 BONDS**

- A. Bonds are required for public works contracts under the following circumstances:
  - 01 Performance Bond and Labor and Material Payment Bond, each in a personal sum equal to 100% of contract sum if the formal contract is in excess of \$25,000.00.
  - 02 A Proposal Bond or Proposal Security in the amount of 10% of any proposal of \$25,000.00 or more must be submitted with formal proposals on public works contracts or as otherwise specified in each contract.
  - 03 Copies of the bonds shall be filed with the county clerk and the owner shall receive a file Receipt.
  - 04 Performance and Payment Bonds shall remain in force for one (1) year after completion of the contract.
  - 05 The Work will not be started until the bonds and issuing companies have been accepted as satisfactory by the Owner.
  - 06 The original bonds will be delivered to the Owner with an attached authorized power of attorney.
  - 07 All bonds shall be issued by a surety company licensed, listed and authorized to issue bonds in the State of Texas by the Texas Department of Insurance. The surety company issuing such bonds shall be required to have a rating of not less than “B” in the latest edition of Best’s Insurance Reports, Property-Casualty.