

Exhibit A-2
Insurance and Bond Requirements

1. Design-Builders Insurance.

Design-Builder shall carry the following insurance coverages from insurance carriers acceptable to Owner and which shall be rated no less than A- by A.M. Best. Design-Builder shall give prompt notice to Owner if any carrier falls below this rating. All policies will name the University of Washington as an additional insured, primary and non-contributory basis, with the exception of the Design-Builder’s Professional Liability policy.

For all Risk/Reward Members, Specialty Consultants, and/or Trade Contractors, the PMT will convene and evaluate the contract values and risk factors, jointly assigning the level of insurance coverage and bonding limits appropriate for all tiers of work. The Owner does not expect Specialty Consultants or Trade Contractors to carry more insurance or bonds beyond the total liability of their individual work/contract obligation. Risk/Reward Members may share a bigger risk and therefore need insurance coverage greater than their contract/work value. The PMT will develop an Insurance Policy Matrix itemizing the recommended insurance limits by sub-package and present to the SMT for review and approval.

1.1 Coverages and Limits.

The insurance shall provide the minimum coverages and limits set forth below. Owner shall be provided forty-five (45) days written notice prior to cancellation, ten (10) days written notice for non-payment of premium. Owner does not warrant or represent that such coverages and limits are appropriate or adequate to protect Design-Builder. Neither Owner’s specification nor approval of the insurance in this Contract, nor of its amount, nor providing coverage in these stated minimum limits shall be construed to relieve Design-Builder from liability in excess of such limits. Coverages are the minimum to be provided and are not limitations of liability under the Contract, indemnification, or applicable law provisions. Design-Builder may, at its expense, purchase larger coverage amounts. The cost of any claim payments falling within the deductible shall be the sole responsibility of Design-Builder. Design-Builder shall maintain insurance coverage during the Work and for one year after Final Acceptance. Design-Builder shall also maintain insurance coverage during the performance of any corrective Work required by Section 13.2.2 of the Agreement. Design-Builder shall submit upon execution of this Contract Certificates of Insurance as evidence of all insurance required herein:

1.1.1 CGL: A policy of Commercial General Liability Insurance which includes coverage for bodily injury, property damage, premises operations, independent contractors, and broad-form contractual liability, and Stop Gap, unless covered as Employers Liability under Part B of a Worker’s Compensation Insurance Policy with the following minimum limits:

\$2,000,000	General Aggregate
\$2,000,000	Product-Completed Operations Aggregate
\$1,000,000	Per Occurrence
\$1,000,000	Personal and Advertising Injury

1.1.1.A. XCU: The Contractor’s CGL insurance must not exclude perils generally known as XCU (explosion, collapse, and underground property damage), subsidence, absolute earth movement (excepts as it pertains to earthquake peril only) or any equivalent peril.

1.1.1.B. Products Completed Operations Additional Insured: The Contractor’s CGL insurance must include the Owner as an additional insured status on the ISO CG 20 10 11 85 or CG 20 37 endorsement, or by an equivalent policy or endorsement provisions. The Products Completed Operations additional insured status for the Owner must remain in effect for not less than 3 years following Final Completion.

Policy shall apply as Primary Insurance with Owner’s Insurance Non-Contributory, include a Waiver of Subrogation in favor of the Owner, and contain a separation of insureds provision.

1.1.2 Employer’s Liability:

- (1) \$1,000,000 Each Accident
- (2) \$1,000,000 Disease - Policy Limit
- (3) \$1,000,000 Disease - Each Employee

1.1.3 Automobile: Commercial Automobile Liability with a combined single limit of not less than \$1,000,000 for each accident. Coverage shall include Bodily Injury and Property Damage Liability for all owned, non-owned, leased, and hired automobiles and contain a Waiver of Subrogation in favor of the Owner. If pollutants are to be transported, MCS 90 and CA 99 48 endorsements are required on the Auto Liability policy unless the transportation pollution risk is covered under the Contractor’s Pollution Liability insurance policy.

1.1.4 Excess or Umbrella Liability: The Contractor must provide minimum Excess or Umbrella Liability coverage limits of \$9,000,000 each occurrence in excess of the primary CGL and Automobile liability insurance limits specified in Section 1.1.1 and 1.1.3. The minimum total limits of \$10,000,000 may also be satisfied with primary CGL insurance limits or any combination of primary excess/umbrella limits.

1.1.5 Contractors Pollution Liability: A policy providing coverage for claims involving remediation, on or off site, disposal, or other handling of pollutants, including investigation, arising out of Design-Builder’s operations, or made worse, including vicarious liability of subcontractors at every tier, from the transportation of hazardous materials; or involving remediation, abatement, repair, maintenance or other work with lead-based paint or materials containing asbestos. Such Pollution Liability policy shall provide at least \$5,000,000 per claim coverage for Bodily Injury and Property Damage. The Design-Builder may require its first-tier Specialty Trade Contractors performing work described in this section to maintain equivalent insurance coverage.

1.1.6 Design-Builder’s Professional Liability: Design-Builder and the Architect shall each maintain for three years after Substantial Completion subject to RCW 4.16.310 (or, if earlier, until demolition of the buildings) professional errors and omissions insurance in an amount no less than \$10 million. Design-Builder shall promptly notify Owner of any material changes to, interruption of, or termination of, this insurance. Design-Builder may contractually require its Specialty Consultants of any tier to maintain professional errors and omissions insurance in an amount of at least \$1 million.

1.1.7 Worker’s Compensation: Worker’s Compensation coverage, as required by Title 51 RCW. If Design-Builder is qualified as a self-insurer in accordance with Chapter 51.14 RCW, Design-Builder shall so certify by letter signed by a corporate officer indicating that it is a qualified self-insured, and setting forth the limits of any policy of excess insurance covering its employees.

1.2 Self-Insurance.

At its sole option and in its sole discretion, Owner may accept Design-Builder’s self-insurance for liability coverage in lieu of insurance from a commercial insurer. Design-Builder must provide a letter from its Corporate Risk Manager or appropriate

Finance Officer representing and warranting the following minimum information: whether the self-insurance program is actuarially funded; the fund limits; any excess declaration pages to meet the contract requirements; a description of how Design-Builder would protect and defend Owner as an Additional Insured in their Self-Insured layer; and claims-handling directions in the event of a claim. Any amounts due to, sought by, or paid to third party claimants shall be the sole responsibility of Design-Builder, irrespective of whether such amount falls wholly within the level or amount of Design-Builder's self-insured retention.

1.3 Builder's Risk.

1.3.1 Owner will purchase and maintain Builder's Risk property insurance in the amount of the Contract Sum including all Change Orders for the entire Work on a replacement cost basis until Substantial Completion. Contractor shall be responsible for all losses up to the policy deductible amount of \$250,000 per occurrence. A specimen policy is available for inspection. Contractor is not required to obtain Builder's Risk property insurance.

1.3.2 Owner and Design-Builder waive all subrogation rights against each other, any Subcontractors, and separate contractors, if any, and any of their subcontractors, for damages caused by fire or other perils to the extent covered by property insurance applicable to the Work, except such rights as they have to proceeds of such insurance held by Owner as fiduciary. The policies shall provide such waivers of subrogation by endorsement or otherwise. A waiver of subrogation shall be effective to a 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.

1.3.3 If Design-Builder believes it has a loss that is covered by Builder's Risk Insurance and it is likely to exceed the policy deductible, Design-Builder shall notify the Owner within 48 hours of discovery.

2. Design-Builder's Performance and Payment Bonds.

2.1 Pursuant to Chapter 39.08 RCW, Design-Builder shall secure from a surety company acceptable to Owner, admitted and licensed in the State of Washington, and shall pay for bonds covering the faithful performance of the Agreement and payment of obligations arising under the Contract Documents, as follows:

2.1.1 prior to the execution of the Final Target Cost Amendment, the Design-Builder shall secure each bond in the amount of the Final Target Cost, less design compensation, including Washington State sales tax, using the Payment Bond and Performance Bond forms as published by and available from the American Institute of Architects (AIA) – Form A312.

2.1.2 prior to the execution of subsequent amendments to the Agreement, the Design-Builder shall secure each bond in the amount of the not-to-exceed Final Target Cost, less design compensation, set forth in that amendment, including Washington State sales tax, using a rider to be attached to each bond.