

**Fourth Elm Construction, LLC**  
**Minimum Insurance Requirements**

Subcontractor shall, at all times, maintain and keep in force, at its sole expense, during the term of this Agreement insurance in the forms and with limits to satisfy both the requirements listed on this Exhibit and those Specified by other contract documents, whichever is greater.

**CERTIFICATE OF INSURANCE**  
**DESCRIPTION AND EXAMPLE**

Subcontractor insurance certificates are some of the most important documents we receive during the course of a project. A **properly** completed insurance certificate, coupled with the indemnification language in our subcontracts, provides us with protection against a wide variety of claims and litigation.

**It is imperative that we receive a certificate before a subcontractor begins work and that the certificate is properly completed.**

An example of a properly completed insurance certificate is attached. Twelve (12) areas of this certificate have been highlighted. Each of these items is briefly discussed in the accompanying text.

**A SUBCONTRACTOR IS NOT ALLOWED ON SITE**  
**WITHOUT A VALID INSURANCE CERTIFICATE**

1. Certificate Holder's rights: When FOURTH ELM CONSTRUCTION, LLC is named as additional insured, we do have rights. We become an insured entity on the policies shown on the certificate, excluding worker's compensation insurance.
2. General liability insurance provides a number of coverages such as bodily injury, property damage, personal injury (defamation of character, slander, etc.), completed operations, etc. General liability can be written on a "claims made" basis or an "occurrence" basis. For our purposes, the policy **must be written on an occurrence basis**.
3. The primary difference between these types of policies involves the event that triggers coverage under the policy. Under the **occurrence policy**, insurance is in place to cover an event that occurs within the policy period, regardless of when the claim is made. This means that coverage will be provided if someone is injured today and files a lawsuit three (3) or more years from now. Under a **claims made policy**, coverage is only provided for those claims made during the policy period. Using the example above, if someone was injured today and made a claim two (2) years from now, no coverage will be provided.
4. Policy coverage: we must make sure that coverage is always in place. When a policy expires, a new policy must be in place to pick up coverage. A new certificate must be provided to evidence coverage is in place. Also, check expiration dates for all coverages. Many times different policies (general liability, auto, umbrella, worker's compensation) have different policy periods.
5. On rare occasions, a contractor may be allowed to work with insurance limits that are below the amounts shown in our subcontracts. The decision to allow a contractor to work with reduced limits has nothing to do with contract amount. The scope of work and risks associated with the work are the determining factors.

6. When a contractor is allowed to work with reduced limits, a “per project aggregate” endorsement should be shown on the certificate. This endorsement causes the general liability limits to apply specifically to the project. These limits are not reduced when payments are made from claims arising from other projects.
7. For worker’s compensation, the policy must provide statutory limits. This must also include employer’s liability. The certificate must indicate whether or not officers are included or excluded from the policy and then must identify the name of the excluded officer in the descriptions box.
8. Employers liability provides coverages for such things as employees injured while working in a state where the contractor does not have worker’s compensation insurance, job related injuries to employees that are illegally employed, loss of consortium suits filed by spouse of injured employee and some other bizarre things.
9. The certificate must identify the project for which the certificate was issued. Broad statements such as “all work in Virginia” are not acceptable. **Additional insureds must be named on the certificate, absolutely no exceptions.** The additional insureds must include FOURTH ELM CONSTRUCTION, LLC, the owner and any other entities that we are contractually required to name on our certificate.
10. The certificate Holder must specify **FOURTH ELM CONSTRUCTION, LLC.**
11. Cancellation notice must provide at least thirty (30) days advance notice. “Endeavor to” provide notice is not acceptable. On occasion, you will hear that a company cannot modify their certificate to accommodate this requirement. In these situations, they should have their insurance broker provide FOURTH ELM CONSTRUCTION, LLC with a “cancellation endorsement” stating FOURTH ELM CONSTRUCTION, LLC will be notified within thirty (30) days of cancellation.
12. **Under absolutely no conditions should a contractor with reduced limits be allowed to perform electrical work, planning, mechanical work, structural steel erection, sprinkler work, blasting, abatement of hazardous material (asbestos, lead, contaminated soil, etc.), demolition, or any work that involves disturbing the ground, i.e., excavations, trenches, pile driving, boring, drilling, fence post installations, etc.**

## **WAIVER OF SUBROGATION**

Subcontractor waives all rights against Contractor, Owner and Architect and their agents, offices, directors and employees for recovery of damages to the extent these damages are covered by commercial general liability, commercial umbrella liability, business automobile liability or workers compensation and employers liability insurance maintained per requirements stated above.