

EXHIBIT “A”

PRESTON PIPELINES INSURANCE REQUIREMENTS

PLEASE INCLUDE PRESTON PIPELINES JOB NUMBER AND JOB NAME ON ALL CERTIFICATES

To the extent that this project is not covered by an Owner Controlled Insurance Program or a Contractor Controlled Insurance Program, Subcontractor must comply with the following insurance requirements.

Before performing work or conducting any activities at the site of the Project, Subcontractor shall, at its expense, procure and maintain insurance and required coverage on all its operations, with admitted companies having at least an A.M. Best rating of no less than A-VIII (except for State Fund for Workers’ Compensation coverage), or Contractor may consider accepting coverage from a non-admitted carrier with an A.M. Best rating of A or better, financial capacity of XII or better. Insurance must be on forms acceptable to the Contractor as follows.

1. Workers Compensation and Employers’ Liability Insurance as required by any applicable law or regulation. Employers’ Liability Insurance shall be provided in amounts not less than:
 - a. \$1,000,000 each accident for bodily injury by accident;
\$1,000,000 each employee for bodily injury by disease;
\$1,000,000 policy limit for bodily injury by disease;
 - b. Waiver of Subrogation endorsement in favor of the Contractor, Hirer and the Project Owner.
 - c. If there is an exposure to injury to Subcontractor’s employees under the U.S. Longshoreman and Harbor Workers’ Compensation Act, the Jones Act or under laws, regulations or statutes applicable to maritime employees, coverage shall be included for such injuries or claims.

2. General Liability Insurance, either Comprehensive General Liability or Commercial General Liability on coverage forms at least as broad as ISO occurrence form CG 0001, including but not limited to coverage insuring all subcontractors for:
 - a. Bodily Injury and Property Damage;
 - b. Personal injury and Advertising Injury;
 - c. Products and Completed Operations;
 - d. Broad Form Property Damage (including Completed Operations);
 - e. Explosion, Collapse, Underground hazards (including subsidence);
 - f. Contractual Liability insuring obligations assumed in this agreement;
 - g. Severability of Interest Clause
 - h. General Aggregate Limits of Insurance shall apply separately to the project.
 - i. “Claims Made” and “modified Occurrence” policy forms are not acceptable.
 - j. “Risk Retention Groups” are not acceptable.
 - k. Any self-insured retention or deductible greater than \$25,000 must be declared to Contractor at time of bid and approved by contractor in writing.

Subcontractor shall maintain primary and excess products liability and completed operations coverage through the expiration of the latent deficiency in construction statute of repose set forth in Section 337.1 of the California Code of Civil Procedure.

3. Limits of General Liability Insurance shall not be less than:

- a. \$1,000,000 each occurrence Bodily Injury and Property Damage combined;
- b. \$1,000,000 for Personal Injury Liability;
- c. \$2,000,000 Products & Completed Operations aggregate;
- d. \$2,000,000 general aggregate;
- e. If either defense costs are included in the General Liability Aggregate limit or if the General Aggregate limit does not apply separately to this project, then the required General Liability Aggregate limit shall be \$3,000,000. This additional limit can be provided by an excess/umbrella policy endorsed so that the subcontractor's insurance is primary and that insurance held by INDEMNITEES is excess and non-contributory.

4. Increased liability limits:

If higher limits of insurance are required by either the Project Owner or the Contractor, the Subcontractor will comply with such requirements by providing evidence of an umbrella or excess liability policy endorsed so that the insurance is primary and that subcontractor's insurance held by INDEMNITEES is excess and non-contributory.

5. Additional Insured and Primary Insured Requirement:

- a) Under the Commercial General Liability policy the Subcontractor shall add the Indemnities (as required by the Master Subcontract Agreement) as additional insured. The policy shall stipulate that the insurance afforded the Indemnities as additional insured's shall apply as primary insurance. The policy shall be endorsed so that any other insurance carried by the Indemnities will be excess only and will not contribute with subcontractor's insurance policy. Any cross-suits exclusion shall not prevent Indemnities from enforcing or obtaining the rights and protections under the contract or the insurance policy from the subcontractor or its carriers.
- b) The additional insured coverage including ongoing and completed operations shall be provided by an endorsement providing coverage at least as broad as:
 - (1) Additional Insured (Form B) ISO endorsement form **CG2010 1185** or the functional equivalent, or;
 - (2) A combination of Additional Insured ISO endorsement form **CG2010 1001** and Additional Insured endorsement form **CG 2037 1001**, or their functional equivalents;
- c) Waiver of Subrogation in favor of the Indemnities.
- d) Additional insured endorsements shall include coverage for completed operations as specified in Section 2(1). Certificates shall be submitted for three years following project completion the applicable statute of limitations for latent defects.

6. Automobile Liability Insurance on a coverage form at least as broad as ISO form CA 0001, including;
 - a. Coverage on all owned, non-owned and hired automobiles;
 - b. Limit of liability shall not be less than \$1,000,000 combined Single Limit for Bodily injury and property damage per occurrence and per person.

7. Insurance Requirements for Lower Tier Subcontractors, Truckers, Vendors and Suppliers;

Subcontractor shall ensure that its lower tier Subcontractors, Truckers, Vendors and Suppliers of any tier shall maintain insurance in like form and amounts, including the Additional Insured requirements set forth above, and will provide contractor evidence of lower tier Subcontractors, truckers, vendors and suppliers' insurance prior to their starting work.

8. Evidence of Coverage and Certificates of Insurance:

Certificates of Insurance shall be furnished by the Subcontractor to Contractor before any work is commenced hereunder by the Subcontractor. The Certificates of Insurance shall provide that there will be no cancellation or reduction of coverage without thirty (30) days prior written notice to Contractor, except that the notice period is reduced to 10 days in the event of non-payment of premium. In the event Subcontractor does not comply with the requirements of this section, Contractor, at its option, may provide insurance coverage to protect its interests and charge the Subcontractor for the cost of that insurance or terminate this agreement. The required insurance shall be subject to approval of Contractor, but any acceptance of insurance certificates by the Contractor shall in no way limit or relieve the Subcontractor of the duties and responsibilities assumed by the Subcontractor in this Contract. Failure of Contractor to demand such certificate or other evidence of full compliance with these insurance requirements or failure of contractor to identify deficiencies from evidence that is provided shall not be construed as a waiver of Subcontractor's obligation to maintain such insurance. Allowance of any additional exclusions or coverage limiting endorsements is at the discretion of Contractor, and Subcontractor's bid shall be subject to adjustment to compensate for the existence of such exclusions. Payment may be withheld, at the option of the Contractor, until such certificates have been furnished, or if upon receipt of a cancellation notice on a policy, until withdrawal of the notice or the reinstatement of the canceled policy. Failure of Subcontractor or its lower tier subcontractors, truckers, vendors or suppliers to maintain the required insurance may result in termination of this subcontract agreement at Contractor's option. Copies of policies shall be furnished by Subcontractor, its subcontractors, truckers, vendors or suppliers within ten (10) days of written request from Contractor or Owner.

9. Builders Risk Insurance

- a. If Builder's Risk insurance purchased by the Project Owner(s) or contractor provides coverage for Subcontractor for loss or damage to Subcontractor's work, Subcontractor shall be responsible for the insurance policy deductible amount, up to \$10,000.

- b. If Builder's Risk insurance is not provided by Project Owner or Contractor, Subcontractor shall purchase and maintain installation floater coverage written to cover all risks or physical loss except those specifically excluded in the policy, and shall insure at least against the perils of fire and extended coverage, theft, vandalism, malicious mischief and collapse. This insurance shall be written in an amount to provide full protection for Subcontractor's work. This insurance shall apply on a replacement cost basis. Any deductible shall be the full responsibility of Subcontractor. Subcontractor waives all rights against Indemnities or for recovery of damages pursuant to this section.

10. Waiver of Subrogation:

Contractor and Subcontractor waive all rights against each other and against all other Subcontractors and Owner(s) for loss or damage to the extent reimbursed by Builder's Risk or any other property or equipment insurance applicable to the work, except such rights as they may have to the proceeds of such insurance. If the insurance policies require an endorsement of consent of the insurance company to provide for continued coverage where there is a waiver of subrogation, the named insured in such policies will cause them to be so endorsed.

11. Property Insurance

Subcontractor shall procure and maintain at its own expense property and equipment insurance for Subcontractor's tools, equipment, temporary structures, work in progress, and work in transit and/or in temporary storage. Subcontractor waives all rights against Project Indemnities for recovery of damages pursuant to section 9 above.

12. Professional Liability Exposure:

A \$1,000,000 Professional Liability Insurance Policy shall be carried by Subcontractor or its design professional if work under this subcontract includes professional or design-build services. Evidence of coverage in the form of a Certificate of Insurance shall be provided prior to the start of the project. Coverage must allow for the reporting of claims for a minimum of 3 years following completion of the project. However, if Project Owner or contractor elects to purchase a project design policy, Subcontractor's policy will be endorsed to provide coverage once the design policy has been exhausted.

13. Aircraft/Helicopter Insurance:

If the Subcontractor or their Subcontractors use any owned, leased, chartered or hired aircraft of any type in the performance of this contract, it shall maintain aircraft liability insurance in an amount of not less than \$10,000,000 per occurrence including Passenger Liability. Evidence of coverage in the form of a certificate of insurance shall be provided prior to the start of the project.

14. Hazardous Materials and Pollution Liability

If Subcontractor or its lower tier subcontractors or suppliers of any tier are either required to perform remediation of hazardous material as those terms are defined in federal, state or local law, or if their operations create an exposure to hazardous materials, they must in addition to the above requirements, carry a "Contractor's Pollution Liability" policy with limits not less than \$1,000,000 per occurrence and not less than \$2,000,000 aggregate for Bodily Injury, Personal Injury and Property Damage, naming Indemnities as additional Insured's. The status of Project Owner as an insured under a CGL policy obtained in compliance with section 2 of this agreement shall not restrict coverage under such CGL with respect to the escape or release of pollutants at or from a site owned or occupied by or rented or loaned to Project Owner.

15. Rigger's Liability

Should Subcontractor's or its lower tier subcontractor's work involve the moving, lifting, lowering, rigging or hoisting of property or equipment, Subcontractor shall carry Rigger's Liability Insurance to insure against physical loss or damage to the property or equipment.

16. Work Near Railroads

If subcontractor or its lower tier subcontractors or suppliers perform any work or conduct any operations within fifty feet of any railroad (including any light rail, fixed rail or other rail system), Subcontractor shall obtain an endorsement of its Commercial General Liability Policy to delete any exclusion, including the "Contractual Liability" exclusion, for work performed within fifty feet of a railroad. A copy of such endorsement shall be provided to contractor prior to any work or operations by Subcontractor within fifty feet of any railroad.

17. Other requirements

- a) Any acceptance of insurance certificates by Contractor shall in no way limit or relieve Subcontractor of its duties and responsibilities under this Agreement including the duty to indemnify and hold harmless Indemnities under other provisions hereof. Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve Subcontractor for liability in excess of such coverage nor shall it preclude contractor from taking such other actions as is available to it under any other provision of this Agreement or law. If higher limits or other forms of insurance are required in the Prime Contracts, Subcontractor will comply with such requirements.
- b) Subcontractor shall be responsible for any deductible amount or any loss arising out of coverage denials by its insurance carrier(s).
- c) Should any insurance policy lapse or be canceled during the contract period, Subcontractor shall, prior to the effective expiration or cancellation date, furnish Contractor with evidence of renewal or replacement of the policy. Failure to continuously satisfy insurance requirements as herein provided is a material breach of contract. In the event Subcontractor fails to maintain any insurance coverage required,

Contractor may, but is not required to maintain such coverage and charge the expense to Subcontractor or terminate this contract.

- d) Subcontractor's obligations for loss or damage arising out of subcontractor's work are in no way limited to the types or amounts of insurance set forth above. To the extent Subcontractor maintains insurance greater than these minimum requirements. Subcontractor agrees that such insurance shall be applicable to any of Subcontractor's liability obligations hereunder and that such insurance shall be primary, with any insurance held by Indemnities being excess and non-contributory. In specifying minimum insurance requirements herein, neither contractor nor Owner assert or recommend this insurance as adequate to Subcontractor's requirements. Subcontractor is solely responsible to inform itself of types or amounts of insurance it may need beyond these requirements to protect itself from loss, damage or liability.