

APPENDIX N – INSURANCE REQUIREMENTS

1 INSURANCE

1.1 Contractor Provided Insurance Coverage

Without limiting any of the Contractor's obligations or liabilities under the Contract and prior to commencing any Work under the Contract, the Contractor will, at its sole cost and expense, obtain and maintain during the performance of the Work policies in respect of the following insurances:

- (a) Workers' Compensation coverage for all employees engaged in the Work in accordance with the *Workers Compensation Act* (British Columbia);
- (b) Personal Optional Protection coverage available through the Workers' Compensation Board of British Columbia for all employees engaged in the Work who are not covered by the *Workers Compensation Act* (British Columbia);
- (c) Automobile Liability Insurance for owned, non-owned, leased, operated or licensed automobiles, trucks, trailers, tractors and all-terrain vehicles with limits of [REDACTED] for accidental injury to or death of one or more Persons or damage to or destruction of property as a result of one accident or occurrence;
- (d) Equipment Insurance (including loss of use) covering loss or damage to all equipment, materials and property that is owned, leased, or rented by and used by the Contractor in performing the Work but which does not form part of the permanent construction;
- (e) if aircraft or watercraft are used in connection with the Work, the Contractor will carry Aircraft Liability or Watercraft Liability Insurance covering all aircraft or watercraft owned or non-owned and licensed by the Contractor with limits of liability of [REDACTED] for aircraft liability and [REDACTED] for watercraft liability, for bodily injury or death of one or more Persons or damage to or destruction of property as a result of one accident or occurrence; and
- (f) such additional coverage as may be required by Law, by BC Hydro or which the Contractor considers necessary.

1.2 BC Hydro Provided Insurance Coverage

Without limiting any of the Contractor's obligations or liabilities under the Contract, BC Hydro will, at its sole cost and expense, obtain and maintain during the performance of the Work policies in respect of the following insurances:

- (a) a project-specific wrap-up liability policy, in an amount of not less than [REDACTED] that will:
 - (i) contain a standard non-owned automobile liability extension and an endorsement for sudden and accidental pollution;
 - (ii) name BC Hydro as the insured and the Contractor and the Subcontractors, project and construction managers, architects, engineers, and consultants, if any, while engaged in the Work as additional insureds and will contain a waiver of subrogation in favour of all insureds; and
 - (iii) maintain in force and effect a "Completed Operations Liability" endorsement coverage for a period ending not earlier than 24 months after Substantial Completion; and

- (b) a Broad Form Builders Risk insurance policy, in an amount equal to [REDACTED], with sub-limits for debris removal and off-Site storage. The policy will:
- (i) include a sub-limit for BC Hydro Property which is in the care, custody and control of the Contractor, or the Subcontractors;
 - (ii) provide coverage on an all risks basis, including perils of flood and earthquake;
 - (iii) name BC Hydro as the insured and the Contractor and the Subcontractors, if any, including any person employed directly or indirectly by the Contractor and the Subcontractors to perform a part or parts of the Work, as additional insureds;
 - (iv) contain a waiver of subrogation in favour of BC Hydro, Contractor and the Subcontractors, if any, with the exception of architects, engineers and manufacturers for their liability in the event of loss caused by or resulting from any error in design or any other professional error or omission pertaining to the subject of this insurance; and
 - (v) remain in full force and effect until Substantial Completion.

The documents attached at Exhibit N-1 – Wrap-Up Liability Insurance Specifications and Exhibit N-2 – Course of Construction Insurance Specifications contain terms and conditions applicable to the insurances that BC Hydro is required to obtain and maintain pursuant to this Section 1.2. In the event of a conflict between the terms and conditions contained in:

- (c) Exhibit N-1 – Wrap-Up Liability Insurance Specifications and the provisions of Section 1.2(a) of this Appendix N – Insurance Requirements; and
- (d) Exhibit N-2 – Course of Construction Insurance Specifications and the provisions of Section 1.2(b) of this Appendix N – Insurance Requirements,

the terms and conditions of the applicable Exhibit will govern.

1.3 Requirements for Contractor Provided Insurance

The insurance provided by the Contractor will be provided in accordance with the following terms and conditions:

- (a) the Contractor will provide Hydro's Representative with evidence of compliance with the *Workers Compensation Act* (British Columbia) and coverage under such Act prior to commencement of the Work, and the Contractor will
 - (i) upon request, at any time, from Hydro's Representative, provide such evidence to Hydro's Representative within five days of such request; and
 - (ii) immediately notify Hydro's Representative in writing of any change with respect to such compliance or coverage;
- (b) certificates of insurance for the policies described in Section 1.1 of this Appendix N – Insurance Requirements will be submitted to Hydro's Representative prior to commencement of the Work. All such policies will be placed with insurers acceptable to Hydro's Representative and be in a policy form acceptable to Hydro's Representative. The approval or non-approval of any such policy by Hydro's Representative will in no way relieve the Contractor of its obligations to provide the insurance required by the Contract. Hydro's Representative may request, at any time, certified copies of the Contractor's insurance policies and the Contractor will provide such certified copies to Hydro's Representative within five days of such request;

- (c) all insurance provided by the Contractor will be considered primary, non-contributory and not excess to any insurance carried by BC Hydro; and
- (d) all insurance, except for automobile liability insurance and workers compensation insurance, provided by the Contractor will:
 - (i) include BC Hydro and its directors, officers, employees and agents as additional insureds (but this requirement will not apply to equipment insurance described in Section 1.1(f) of this Appendix N – Insurance Requirements);
 - (ii) contain a waiver of subrogation against BC Hydro and its directors, officers, employees and agents;
 - (iii) contain a cross liability or severability of interest clause; and
 - (iv) contain a provision that the insurance cannot be cancelled without at least 30 days written notice to BC Hydro.

1.4 Minimum Amount No Limit on Recovery

All policy limits and types of insurance specified by the Contract to be obtained and maintained by the Contractor are the minimum policy limits and types of insurance that are to be provided. The Contractor will be solely responsible for determining whether the policy limits and types of insurance are adequate and for placing any excess insurance and any additional insurance which it considers necessary to protect and indemnify itself.

Subject to GC.18.1, the Contractor will be liable to BC Hydro for all Claims and Claim Costs excluded by, or in excess of the policy limits of, applicable insurance policies.

1.5 BC Hydro's Right to Maintain

If, at any time, any insurance required to be obtained and maintained by the Contractor under the Contract has its policy limits reduced by the applicable insurance provider or the Contractor, from the policy limits required by the Contract, or is no longer in force, then, without limiting BC Hydro's rights in respect of any default that arises as a result of such occurrence, BC Hydro may, at its option, obtain and maintain the applicable insurance or portion of such insurance. In such event, BC Hydro may withhold and set-off the cost of insurance premiums expended for such insurance from any payments due to the Contractor.

1.6 Subcontractor Insurance

Without duplication of insurance coverage with respect to (i) the Broad Form Builders Risk Insurance policy in place for the Work, and (ii) the project-specific wrap-up liability policy, the Contractor will require all first tier Subcontractors to enter into an agreement with the Contractor containing provisions in the same form as those found in Section 1.1 of this Appendix N – Insurance Requirements, as applicable to the Work being undertaken by such Subcontractors. The Contractor will provide to Hydro's Representative, upon request, certificates of insurance for the insurance policies the Contractor has obtained from such Subcontractors and a copy of the agreement entered into with such Subcontractors setting out the insurance requirements of such Subcontractors, without reference to commercial terms.

1.7 Deductibles

Deductibles for insurance policies required under Section 1.1 of this Appendix N – Insurance Requirements will be no more than [REDACTED]

The Contractor will be responsible for the payment of all deductibles for the insurance policies described in Section 1 of this Appendix N – Insurance Requirements, except with respect to damage arising out of the negligent acts or omissions of BC Hydro or any Person for whom BC Hydro is in law responsible (other than the Contractor and those engaged by or through the Contractor, including Subcontractors), BC Hydro will pay the proportion of the deductible that represents the proportionate fault of BC Hydro for the loss which gave rise to the damage.

1.8 Liability of Contractor

Neither the providing of insurance by the Contractor in accordance with the requirements of Section 1 of this Appendix N – Insurance Requirements, nor the insolvency, bankruptcy or the failure of any insurance company to pay any claim occurring will be held to relieve the Contractor from any other provisions of the Contract with respect to liability of the Contractor or otherwise.

1.9 Notice of Occurrence

Hydro's Representative and the Contractor's Representative will immediately notify, in writing, each other and the relevant insurer of any occurrence or incident likely to give rise to a claim under the policies or insurance coverage referred to in Section 1 of this Appendix N – Insurance whether or not such occurrence or incident arises under the Contract, and of any other matter or thing in respect of which notice should be given by BC Hydro or the Contractor to the relevant insurers. In addition, both BC Hydro and the Contractor will give all such information and assistance as may be reasonably practicable in all the circumstances.

1.10 Claims Cooperation

With respect to any Claim against BC Hydro, whether insured or otherwise, the Contractor will cooperate with BC Hydro, BC Hydro's insurers, claims adjusters and other representatives to mitigate any impact of any investigations relating to the Claim on BC Hydro's operations, including the performance of the Work.

EXHIBIT N-1 WRAP-UP LIABILITY INSURANCE SPECIFICATIONS

(REDACTED IN ENTIRETY)

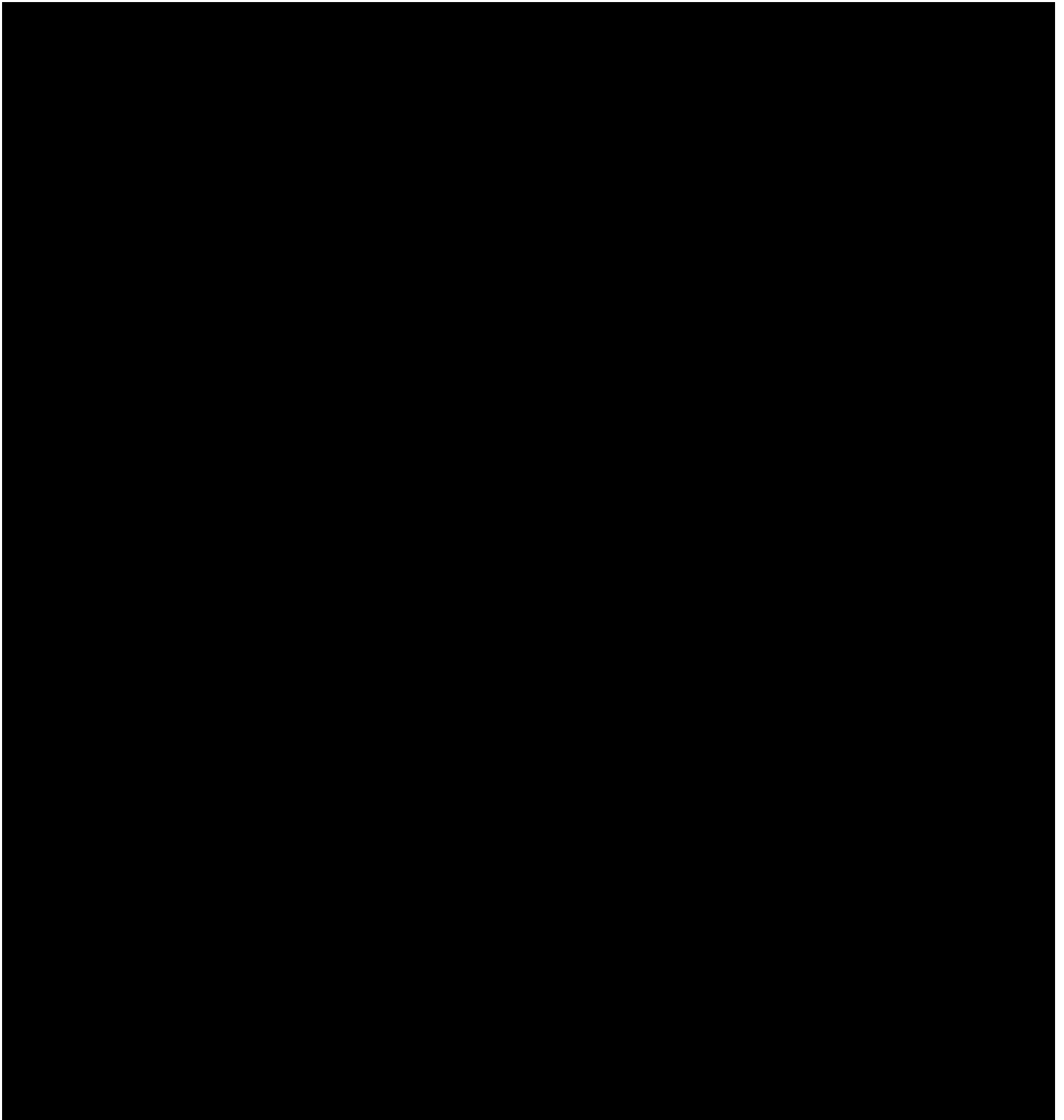


EXHIBIT N-2 COURSE OF CONSTRUCTION INSURANCE SPECIFICATIONS

(REDACTED IN ENTIRETY)

