REQUEST FOR PROPOSALS 100-2009 C - Term Sheet #2 - Insurance Requirements - *Issued November 15, 2009*

1 INSURANCE PROVISIONS

This is an insurance overview for the intended Program only. Final terms for inclusion in the ultimate SP Agreement will be finalized during the Establishment Workshop with the Preferred Proponent.

1.1 At Commencement of Agreement - City Coverages

The City's approach to insurance for all parties to the SP Agreement is to use a 'best practices' procurement. Accepting the premise that insurance procurement in this RFP process should not be an adversarial issue and that cost effective, responsive insurance is good for all parties, the following insurance will be effected at the inception of the Agreement;

a) Boiler & Machinery and Property & Business Interruption insurance covering all real and personal property and loss of Gross Profits (24 month Period of Indemnity) applicable to all interests. Coverage will be on a broad "all risks" type form, usual to the industry, with deductibles of $250,000 per occurrence except 3 % for Earthquake.

b) General Liability insurance, including the Products Hazard, for a combined single limit of $5,000,000, applicable to all interests. The deductible will be $50,000 per occurrence.

c) Umbrella Liability insurance will be provided as part of the City's $95,000,000 umbrella liability program applicable to all City operations and will be extended to operations of the Strategic Partnership. This cover will be applicable to all interests.

d) Automobile Liability for $5,000,000 will be procured by the owner of each vehicle and be augmented by the Umbrella outlined in c) above.

e) Environmental Impairment Liability insurance for a limit of $10,000,000 applicable to all interests. The deductible will be $100,000.

f) Directors' & Officers' Liability insurance for a limit of $25,000,000. The form will include Side A and B cover, subject to $100,000 deductible.

g) Comprehensive Crime insurance with a $1,000,000 limit applicable to all interests. The deductible will be $50,000.

h) Such other insurance to be agreed and as is appropriate at the time.

1.2 Capital Project Insurances

Construction insurance, including Builders' Risk, Wrap up Liability, Professional Liability and Project Pollution, all to be scoped and procured on a "Best-for-Job/Best-for-Program" basis, subject to terms, conditions and deductibles as are normal to similarly situated projects.

1.3 Pass Through of Insurance Proceeds

Insurance proceeds language is to mirror the destruction and termination provisions in the final agreement.

1.4 General Comments

The parties to the SP Agreement will manage several insurance related issues including, but not limited to; developing a consortium model approach to insurance for establishing structure and needs as well as responsibilities for the purchase of various insurances, shaping a claims management process, determining the initial and ongoing need for various engineering reports and condition surveys and forming a risk assessment workgroup to assess optimal deductible levels, compile a risk survey for underwriters, review insurance terms within existing/ongoing contracts, etcetera.

All insurance for the Program will require formulation of appropriate terms and shall then be subject to the following provisos;

1) "All interests" as noted above includes [TBA].
2) Waivers of Subrogation will be initiated as required.
3) All deductibles will be to the account of [TBA].
4) All limits, deductibles, coverage details, endorsements and exclusions will be periodically reviewed and updated as necessary.