

Insurance and Billing Procedures

Subcontractor Accountant and/or Insurance Coordinator:

Following is information you will need in order to prepare your monthly billings and our insurance requirements. **This information, along with billing samples, lien releases and insurance requirements may be found on our website at www.wlbutler.com.**

To ensure a speedy payment process the following requirements must be met. In this exhibit "Subcontractor" refers to your company and "Contractor" refers to W. L. Butler Construction, Inc.

PRELIMINARY INFORMATION

Preliminary information may be found on the first page of the Subcontract Agreement.

BILLING REQUIREMENTS

Subcontractor's pay requests (invoice) will be deemed compliant if it meets the following requirements.

- All pay requests must be submitted on AIA G702 Application and Certificate for Payment, along with an AIA G703 Continuation Sheet.
- These forms may be downloaded at <http://www.wlbutler.com/forms/AIABillingFormRWC.xls>. These forms must be completed, notarized if required and submitted by the 25th of the month.
 - 10% retention must be withheld.
 - Billing for approved work will only be accepted. Change orders cannot be billed until Contractor has issued a Change Order. Invoices that include unapproved change orders will be returned to Subcontractor and Contractor will not bill on Subcontractor's behalf for unapproved change orders.
 - Only original invoices will be accepted. Faxes will be discarded.
- Pay requests must be accompanied by appropriate Conditional Lien Release for Subcontractor.
- Pay requests must be accompanied by an Unconditional Lien Release for Subcontractor for previous payment if paid by Contractor and if invoice is not the first billing.
- Pay request must be accompanied by Unconditional or Conditional Lien Releases for current month for suppliers.
- Additional lien release requirements if necessary.
 - No Additional Requirements
 - 3 Original Notarized Conditional Lien Releases
 - Notarized Original Conditional & Unconditional Lien Release

Invoices not meeting the above criteria will be rejected and not included in Contractor's monthly billing to Owner.

PAYMENT INFORMATION

Prior to payment being made to Subcontractor the following must be received by Contractor:

- a. Executed Subcontract Agreement.
- b. Compliant Certificate of Insurance.
- c. Compliant invoice from Subcontractor prior to payment.
 - 1) Contractor must receive Unconditional Lien Releases or joint checks will be issued.

Prior to issuing final payment Subcontractor must perform the following:

- a. Submit all plans and specs, warranties, guarantees, manuals, record drawings and technical data, as required by the specifications in the quantities indicated to the Contractor.
- b. Leave the premises free of any and all liens and claims chargeable to the Subcontractor.
- c. Subcontractor must submit a retention invoice with all appropriate lien releases.

PAYMENT SCHEDULE

At Contractor's option, if agreed to by Subcontractor, a three-percent (3%) discount may be taken if Contractor forwards payment to Subcontractor within 15 days of receipt and acceptance of Subcontractor's compliant invoice as defined in Section 4.2 of the Subcontract Agreement and as outlined in the Billing Requirements of this Exhibit.

If discount is not taken, payments on compliant invoices shall be made within 10 days of receiving funds from Owner.

INSURANCE REQUIREMENTS

Subcontractor shall furnish a Certificate of Insurance, which fully complies with Contractor's insurance requirements prior to starting work.

- **Workers' Compensation and Employers Liability Insurance** Worker's Compensation insurance shall be provided as required by California Law.
- **General Liability Insurance.** Subcontractor shall carry Comprehensive General Liability or Commercial General Liability insurance covering all operations by or on behalf of Subcontractor providing insurance for bodily injury liability and property damage liability for the limits of liability indicated below and including coverage for:

The limits of liability shall be not less than the amounts required of Subcontractor under the Contract Documents, but in no event less than:

- \$1,000,000 each occurrence (combined single limit for bodily injury and property damage)
- \$1,000,000 for personal injury liability
- \$2,000,000 aggregate for Products-Completed Operations
- \$2,000,000 general aggregate

The general aggregate limit shall apply separately to Subcontractor's work under this Agreement.

- **Additional Insured Endorsement.** W. L. Butler Construction, Inc., its officers, directors and employees and Owner shall be named as additional insureds under the Comprehensive General Liability or Commercial General Liability policy for any liability arising out of the performance of work. Coverage for the Contractor, its officers, directors and employees, and the Owner as additional insureds shall be provided by a policy provision or by an endorsement providing coverage at least as broad as Additional Insured (Form B) endorsement form CG20101185 as published by the Insurance Services Office (ISO).

Subcontractor will modify their insurance policy by endorsement, to stipulate that their General Liability insurance coverage applicable to the additional insureds is primary insurance and that any other insurance carried by the Contractor will be excess only and will not contribute with this insurance.

The products liability and completed operations coverage provided for in the Commercial General Liability policy shall be maintained by Subcontractor for a minimum of five (5) years following completion of the work provided for herein.

In the event of any reduction or exhaustion of an aggregate annual limit of liability or any general aggregate policy limit of liability, Subcontractor shall then obtain additional insurance to replenish the limits of liability herein provided.

Claims Made Policy Form Provisions. Subcontractor shall not provide general liability insurance under any Claims Made General Liability form without the express prior written consent of Contractor.

- **Automobile Liability Insurance.** Subcontractor shall carry Automobile Liability insurance, including coverage for all owned, hired and non-owned vehicles. The limits of liability shall not be less than \$1,000,000 combined single limit each accident for bodily injury and property damage.
- **Professional Liability Exposures.** Subcontractor shall carry a \$1,000,000 Professional Liability insurance policy with a two year repute period for claims if Subcontractor or its subcontractor is to provide design/build services to the project.

Certificates of insurance, as evidence of the insurance required by this Agreement and including the required "additional insured" and "primary insurance" endorsements, shall be furnished by Subcontractor to Contractor

before any work hereunder is commenced by Subcontractor. The certificates of insurance shall provide that there will be no cancellation or reduction of coverage without 30 days prior written notice to the Contractor.

Contractor may take such steps as are necessary to assure Subcontractor's compliance with its obligations under this Section 16. In the event Subcontractor does not comply with the insurance requirements outlined in this Agreement, Contractor may, at its option, provide such 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 the approval of Contractor, but any acceptance of insurance certificates by Contractor shall in no way limit or relieve Subcontractor of the duties and responsibilities by it in this Agreement. If higher limits or other forms of insurance are required in the Contract Documents, Subcontractor will comply with such requirements.

Sub-subcontractor Requirements. Subcontractors shall require that any and all tiers of its subcontractors shall maintain insurance in like form and amounts including the additional insured endorsement naming Contractor and Owner.

"Modified Occurrence" Policy. "Modified Occurrence" insurance policies will not be accepted under any circumstances.

Sample of Acceptable Certificate of Insurance may be found on following page

Please see visit our website www.wlbutler.com for all samples and requirements