

## Chapter 19 – Insurance and Bond Requirements

### *1-1901 Insurance Requirements*

The Contract requires Contractors to carry insurance at least in accordance with the requirements stipulated. Before award the Contractor must submit evidence of insurance by providing a completed Certificate of Insurance (CON-32) form. See Figure 1-19.1.

The following are guidelines for enforcing and administering the requirements in the Contract for contractors to carry insurance. The designated District staff must do the following:

- Ensure the evidence of insurance conforms to the specified requirements.
- Ensure the contractor's required insurance does not lapse during the life of the project.
- Forward a copy of any revised evidence of insurance received for renewal or changes in coverage to DOT Contracts Section.
- Verbally request new Certificate of Insurance 30 days in advance of the expiration date of any coverage.
- If the contractor fails to provide evidence of insurance coverage by the expiration date, request the contractor to immediately obtain the necessary coverage. Figure 1-19.2 shows a sample letter.
- If the above procedure does not result in obtaining evidence of coverage, contact the Office of Construction for guidance.

### *1-1902 Performance Bonds*

Under the terms of performance bonds issued for CONNDOT projects, the bond remains valid as long as the contract is not increased or decreased by more than twenty-five percent of the original contract value. In order to ensure that the state is afforded full protection under the performance bond, a new bond must be issued whenever the contract value increases or decreases more than twenty-five (25) percent beyond the value listed on the current bond.

During the Construction Order process the District must determine whether approval of the Construction Order will trigger the need for a revised performance bond. When the contract value increases or decreases more than twenty-five percent of the original (or revised) bond value, the contractor and surety must be notified that a new bond is required. The contractor and surety must submit the bond to the Office of Contracts in the same manner that the original bond is submitted and executed. The notice to the contractor and surety should first be requested via facsimile with hard copy to follow. The notice is to require submission of a new bond within fourteen (14) days of the date of the facsimile. If the new bond is not received within 14 days of the facsimile a second notice shall be sent by a method that documents delivery, i.e. UPS ground service or Certified Mail – Return Receipt. Figure 1-19.3 shows example of letter requesting new bond and Figure 1-19.4 shows example of a performance bond rider that may be used.

On a quarterly basis the District will provide the Contracts Section and Office of Construction with a list of projects that had new bonds issued during the reporting period.

Figure 1-19.1 Certificate of Insurance (CON-32)

CON-32 REV.7/02  
STATE OF CONNECTICUT  
DEPARTMENT OF TRANSPORTATION  
CERTIFICATE OF INSURANCE

This is to certify that the Insurance Company named herein has issued to the named insured the policies listed below, that these policies are written in accordance with the Insurance Company's standard policies and endorsements, except as indicated below or as noted in the attachments hereto, which policies and endorsements will be made available to the Department of Transportation upon request, that they provide coverages and limits of liability shown with respect to the hazards indicated, that they are in force on this date, and that this Certificate is furnished in accordance with and for the purpose of satisfying the requirements of the Department of Transportation in connection with the award and the performance of any contract or agreement, or the issuance of any permit or authorization by the Transportation Commissioner or duly authorized agent. The Insurance Company agrees to investigate and defend the insured against all claims for damages, even if groundless.

NAME OF INSURED \_\_\_\_\_  
ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_

HAZARDS	POLICY NUMBER	EFFECTIVE DATE	EXPIRATION DATE	COVERAGES AND LIMITS OF LIABILITY BODILY INJURY LIABILITY AND PROPERTY DAMAGE LIABILITY	
				ALL PERSONS / ALL DAMAGES EACH ACCIDENT or OCCURRENCE	AGGREGATE
<b>A</b> OWNER'S AND CONTRACTOR'S PROTECTIVE LIABILITY FOR AND IN THE NAME OF THE STATE OF CONN. (1)(2) SEE BELOW					
<b>*B</b> COMMERCIAL GENERAL LIABILITY (1) SEE BELOW					
<b>*C</b> EXPLOSION, COLLAPSE, OR UNDERGROUND DAMAGE LIABILITY (1) SEE BELOW					
<b>*D</b> AUTOMOBILE LIABILITY OWNED AUTOMOBILES HIRED AUTOMOBILES NON-OWNED AUTOMOBILES (1) SEE BELOW					
<b>*E</b> RAILROAD PROTECTIVE LIABILITY (1) (2) SEE BELOW					
<b>*F</b> EXCESS/UMBRELLA LIABILITY (1) SEE BELOW					
<b>G</b> VALUABLE PAPERS and RECORDS	XXXXXXXXXXXX	XXXXXX	XXXXXX	POSSESSION	ALL OTHER
VALUABLE PAPERS and RECORDS					
<b>H</b> BLASTING (1) SEE BELOW					
<b>I</b> ** WORKERS' COMPENSATION				STATUTORY COVERAGES AND LIMITS	
<b>J</b>					

\* State of Connecticut Is Named as Additional Insured.  
\*\* Compensation Commissioner's Certificate shall be supplied herewith by self-insured party.  
**Note: If Excess/Umbrella Liability Insurance is needed to meet the Agreement/Contract, etc. minimum requirements, complete Section F above.**

**Check** This Certificate is issued in accordance with the terms of:

Construction Contracts       Lease Agreement Rights of Way       Demolition Contracts  
 Permit Work No. \_\_\_\_\_       Agree No. \_\_\_\_\_  
 Engineering       Project No. \_\_\_\_\_       Other Specify & including all operations incidental thereto.

PARTY FOR NOTICE Bureau: \_\_\_\_\_ Unit: \_\_\_\_\_ Name: \_\_\_\_\_

(1) It is agreed that the herein named Insurance Company will not use the defense of sovereign immunity in the adjustment of claims or in the defense of any suit brought against the State unless the Connecticut Department of Transportation Commissioner consents in writing to do so.  
(2) It is agreed that the Insurance Company will bill premiums and audit charges earned under the protective liability policy(ies) to the above named insured; however, if named insured is different from the vendor, consultant, contractor or party of record, the vendor, consultant, contractor or party of record will be billed.

IN THE EVENT OF ANY RESTRICTIVE AMENDMENT TO, ANY CHANGE IN, CANCELLATION OF OR FAILURE TO RENEW ANY ONE OR MORE OF SAID POLICIES THE \_\_\_\_\_ (INSURANCE COMPANY) SHALL GIVE NOT LESS THAN THIRTY DAYS WRITTEN NOTICE TO THE PARTY FOR NOTICE TO WHOM THIS CERTIFICATE IS ISSUED OF SUCH AMENDMENT, CHANGE, CANCELLATION, OR FAILURE TO RENEW.

DATED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ \_\_\_\_\_ (Insurance Company)  
ISSUED TO: CONNECTICUT DEPARTMENT OF TRANSPORTATION  
CONTRACT ADMINISTRATION  
2800 BERLIN TURNPIKE  
NEWINGTON, CT 06111  
\_\_\_\_\_  
(Address)  
\_\_\_\_\_  
(Agency)  
\_\_\_\_\_  
(Address)  
\_\_\_\_\_  
(Authorized Agent's Name & Signature)

 Printed on recycled or recovered paper.

Figure 1-19.2 Sample Letter to Contractor Requesting Evidence of Insurance

(Contact)  
(Title)  
(Contractor)  
(Address)  
(Town), (State) (Zip Code)

Dear \_\_\_\_\_:

Project #:            (Project No.)  
                          (FAP No.)  
                          (Town)  
                          (Route)  
                          (Description)

Subject: Notice of Insurance Expiration

Our records indicate that your insurance coverage for \_\_\_\_\_ expired on \_\_\_\_\_ (please refer to enclosed CON-32 which was previously submitted to this office). We require evidence that coverage has been maintained or reinstated in order that work may continue on the above noted project. Please have the insurer complete the form provided by the Department, "Certificate of Insurance – CON-32", and have it faxed to \_\_\_\_\_ and mail the original to the following address as soon as possible:

(Name)  
Department of Transportation  
District ( # )  
(Address)  
(Town), CT (Zip Code)

Coverage for electronic data equipment insurance must also be included on the "Certificate of Insurance" (Form Con-32).

If you have any questions, please contact \_\_\_\_\_ at \_\_\_\_\_.

Very truly yours,

\_\_\_\_\_

\_\_\_\_\_

Bureau of Engineering  
and Construction

Enclosures

cc:     Construction Administrator-Construction Division Chief  
       District Engineer-Assistant District Engineer-Supervising Engineer  
       Project Engineer  
       Project

Figure 1-19.3 Sample Letter Requesting New Performance Bond

	Phone
	Date
VIA FACSIMILE – HARD COPY TO FOLLOW	
Surety Name	Contractor Name
Address	Address
Subject: Town – Route	
Project No.	
Project Description	
Contractor Name	
Bond No.	
Revisions to this contract have resulted in (increases) (decreases) to the contract value in excess of twenty-five percent (25%). As a result of these changes, a rider to the original performance bond will be required. The revised contract value at this time is \$ _____.	
A performance bond rider (refer to attached sample form) must be submitted to Mr. Gary W. Belina of the Contracts Section, Room 1318, 2800 Berlin Turnpike, P.O. Box 317546, Newington, CT 06131 within fourteen (14) calendar days of the date of this letter.	
If you have any question regarding this matter, please contact (Assistant District Engineer, or other designated personnel) at (telephone no.).	
	VTY
	Assistant District Engineer Bureau of Engineering and Construction
_____/_____ bcc: Lewis S. Cannon-James P. Connery Gary W. Belina-Pall B. Oushana District Engineer	

Figure 1-19.4 Sample Performance Bond Rider

**STATE OF CONNECTICUT  
DEPARTMENT OF TRANSPORTATION**

**RIDER TO  
PERFORMANCE AND/OR PAYMENT BOND**

Project/Contract  
Number \_\_\_\_\_

Rider to be attached to and form a part of Bond Number \_\_\_\_\_

on behalf of \_\_\_\_\_  
(Name)

\_\_\_\_\_ (Principal).  
(Address)

and in favor of \_\_\_\_\_ (Obligee).

executed by the Company indicated below (Surety) in the amount of \_\_\_\_\_  
\_\_\_\_\_ Dollars (\$ \_\_\_\_\_) effective \_\_\_\_\_  
\_\_\_\_\_ 20 \_\_\_\_\_.

The Principal and Surety hereby consent to changing the said bond as follows:

**SAMPLE**

This change is effective \_\_\_\_\_ 20 \_\_\_\_\_.

Nothing herein contained shall vary, alter or extend any provision or condition of the bond other than as above stated.

Signed, Sealed and dated this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_.

\_\_\_\_\_  
Surety L.S.  
(Please attach a Power of Attorney)

\_\_\_\_\_  
Attorney-in-Fact

By \_\_\_\_\_  
Contractor