

SOUTH FRASER PERIMETER ROAD PROJECT

**SCHEDULE 15
INSURANCE REQUIREMENTS**

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**PART 1
INSURANCE REQUIRED FOR CONSTRUCTION**

1.1 Third Party Liability Insurance During Construction

- (a) “Wrap-Up” Commercial General Liability insurance with limits of not less than Section 17 and 21 [redacted], inclusive of defence costs, for bodily injury, death, and property damage arising from any one accident or occurrence, and in the term aggregate. The insurance policy will pay on behalf of the named insureds and the additional named insureds under the policy for any sum or sums which the insureds may become liable to pay or shall pay for bodily injury, death or property damage or for loss of use thereof, arising out of or resulting from the work or operations of the Concessionaire, the Principal Contractors or the Subcontractors including all persons, firms, corporations or partnerships who perform any of the Project Work contemplated by this Agreement (excluding only work and operations fully insured by current policies for the insurance referred to in Section 2.1 [Third Party Liability Insurance During Operations] of this Schedule), anywhere within Canada and the USA at a minimum. In addition to the above limits, such liability insurance will also pay all costs, charges, and expenses in connection with any claims that may require to be contested by the insureds anywhere within Canada and the USA at a minimum.
- (b) If ships, boats or other vessels are used in the performance of the Project Work contemplated by this Agreement (excluding only work and operations fully insured by current policies for the insurance referred to in Section 2.1 [Third Party Liability Insurance During Operations] of this Schedule) and are owned, leased, rented, operated or used by the Concessionaire or any Principal Contractor or Subcontractor, then for bodily injury or death and property damage arising from any one accident or occurrence for all ships, boats and other vessels, insurance coverage is to be provided through either:
- (i) the “Wrap-Up” Commercial General Liability Insurance policy referred to in Section 1.1(a) of this Schedule; or Section 17 and 21
- (ii) a separate Protection and Indemnity insurance policy or such other policy or policies or combination thereof appropriate for this risk in the context of the Project, in any case with limits of not less than [redacted] for bodily injury or death and property damage arising from any one accident or occurrence and in the term aggregate.

The Concessionaire will be responsible for ensuring that any changes to the requirements of the *Marine Liability Act* (Canada) and/or the regulations of the *Marine Liability Act* (Canada) are reflected in the insurance coverage provided.

- (c) If aircraft (including helicopters) are used in the performance of the Project Work contemplated by this Agreement (excluding only work and operations fully insured by current policies for the insurance referred to in Section 2.1 [Third Party Liability Insurance During Operations] of this Schedule) and are owned, leased, rented, operated or used by the Concessionaire or any Principal Contractor or Subcontractor, then third party Aircraft liability coverage with limits of not less than [redacted] for bodily

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injury or death and property damage arising from any one accident or occurrence and in the annual aggregate (or such lower limit that the Province's Representative determines in its discretion is acceptable and of which the Province's Representative so advises the Concessionaire in writing), must be provided, together with a waiver of subrogation on the hull.

(d) **Extensions of Coverage**

The liability insurance referred to in Sections 1.1(a), (b) and (c) of this Schedule will cover liability assumed by the Concessionaire in connection with and applicable to this Agreement and will include the following coverage extensions applicable to the following liability policies:

(i) Coverage Extensions Applicable to the "Wrap-Up" Commercial General Liability Policy

- Canada and USA coverage territory
- Products/Completed Operations
- Occurrence Property Damage
- Broad Form Property Damage
- Broad Form Completed Operations
- Contingent Employers Liability
- Medical Payments
- Incidental Medical Malpractice
- Blanket Written Contractual
- Cross Liability
- Attached Machinery
- Non Owned Automobile
- Legal Liability for damage to hired automobiles
- Hazardous Operations (XCU)
- 24 months Products and Completed Operations (as more fully outlined under Section 1.5(b) of this Schedule)
- Sudden and Accidental Pollution with coverage of not less than [REDACTED] (IBC Form #2313) subject to 120 hours/120 hours
- 60 days notice of Cancellation or Limitation of cover (as more fully outlined under Section 1.6 of this Schedule)
- Blanket Additional Insureds

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(ii) Coverage Extensions Applicable to the Marine and Aviation Policies

- Canada and USA coverage territory
- 60 days notice of Cancellation or Limitation of cover (as more fully outlined under Section 1.6 of this Schedule)

(e) **Inclusions / Exclusions Not Permitted**

The following inclusions/exclusions are not permitted for any insurance referred to in Sections 1.1(a), (b) and (c) of this Schedule, except in the case of any insurance referred to in Sections 1.1(b) and (c) of this Schedule where such insurance is obtained under policies that are separate from the policy for the insurance referred to in Section 1.1(a) of

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this Schedule, as such separate policies are described in Sections 1.1(b) and 1.1(c) of this Schedule:

- (i) Hazardous operations, including excavation, pile driving, shoring, blasting, under-pinning or demolition work or any other operation or work to be performed as part of or in the course of the Project Work will not be excluded from insurance coverage.
- (ii) Claims arising out of the legal liability imposed upon the insured at common law and/or by statute for bodily injury or death to employees of the insured will not be excluded. However, exclusions applicable to liability imposed upon or assumed by the insured under Health and Safety Laws or for assessment by any Workers Compensation Board will be permitted.
- (iii) Liability assumed by the insureds under contract with railroad companies for the use and operation of railway sidings or crossings will not be excluded.
- (iv) Liability assumed by the Concessionaire under and applicable to any Gravel Licenses will not be excluded.
- (v) Liability arising out of all products where the Concessionaire supplies the material will not be excluded.
- (vi) Tort liability assumed by the Concessionaire under this Agreement will not be excluded.
- (vii) Exclusions for design/build, design/build/finance, design/build/finance/operate, or joint venture projects will not be permitted.
- (viii) Other types of services not listed above, to be performed by or on behalf of the Concessionaire under this Agreement will not be excluded.

(f) Deductible

A maximum deductible on the primary insurance policy will be allowed for any one accident or per occurrence of up to [REDACTED].

(g) Self-Insured Retention

← Section 17 and 21

A maximum self-insured retention of up to [REDACTED] for any one accident or per occurrence will be permitted for the Concessionaire providing umbrella/excess liability insurance subject to having a minimum primary insurance policy of [REDACTED] underlying the umbrella/excess.



1.2 Professional Liability Insurance (Errors & Omissions)

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- (a) Single Project Specific Professional Liability insurance with minimum limits of [REDACTED] per claim and [REDACTED] term aggregate insuring against all insured loss or damage including coverage for third party property damage, bodily injury or

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death, arising out of any professional services rendered by the Concessionaire, the Principal Contractors or Subcontractors, and/or any engineers, architects, surveyors, and any of their respective employees including personnel on loan to the Concessionaire or the Principal or Subcontractors and personnel who perform normal services of the Concessionaire under this Agreement. The named insured shall also include all architectural firms and all engineering firms, including project managers, construction managers and applied science technologists, and all land surveyors, quantity surveyors and others engaged in providing professional services to the Project.

(b) Coverage will be maintained:

- (i) subject to Section 1.2(b)(ii) of this Schedule, for a period of [REDACTED] after the Western Segment Substantial Completion Date; and
- (ii) in the case of any Construction Activities carried out by the Concessionaire after the Western Segment Substantial Completion Date, for a period of [REDACTED] following completion of the work that is the subject of the Construction Activity;

provided that coverage shall not be required to be maintained for longer than [REDACTED] years after the effective date of the policy.

- (c) A maximum deductible of [REDACTED] will be allowed.
- (d) Exclusions for design/build, design/build/finance/, design/build/finance/operate, or joint venture projects will not be permitted.
- (e) The insurance referred to in this Section 1.2 [Professional Liability Insurance (Errors & Omissions)] of this Schedule shall not be cancelled, removed, or endorsed to restrict coverage or limits of liability, without 60 days' notice in writing by registered mail to the Province's Representative with a copy by registered mail to "The Corporate Insurance and Bonds Manager" at Ministry of Transportation, P.O. Box 9850 STN PROV GOVT, 4th Floor, 940 Blanshard Street, Victoria, BC, V8W 9T5 (or at such other address as the Province's Representative may from time to time by notice to the Concessionaire advise).
- (f) The insurance referred to in this Section 1.2 [Professional Liability Insurance (Errors & Omissions)] of this Schedule will be effected on the Effective Date but shall have a "retroactive date" (as such term is understood by the insurance industry with respect to "claims made" policies) to coincide with the verifiable start of design for any work covered by such insurance, such verification to be the sole responsibility of the Concessionaire.

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1.3 Automobile Insurance

Automobile Liability coverage providing third party liability and accident benefits insurance coverage must be provided for all vehicles required by law to be licensed that are owned, leased or rented by the Concessionaire or any Principal Contractor or Subcontractor and are used in the performance of the Project Work contemplated by this Agreement, with limits of not less than [REDACTED] for vehicles owned, leased or rented by the Concessionaire, any Principal Contractor, or any Subcontractor contracting

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directly with the Concessionaire, and limits of not less than [REDACTED] for vehicles owned, leased or rented by any other Subcontractor.

↖ Section 17 and 21

1.4 Property Insurance

(a) Builders' Risk

Builders' Risk Property Insurance (for certainty, excluding any delay in start up, extra expense, business interruption, loss of income and loss of profits insurance) insuring against all risks (including but not limited to structural collapse and transit risks by any conveyance to and/or from the site, while there, awaiting and/or during erection, installation and testing, occurring anywhere within Canada and the United States, but specifically not including earthquake or flood) of direct physical loss of or damage to (including full resultant loss or damage) all Project Infrastructure (including all Structures forming part thereof) (save only as provided in Section 6.1(a) in respect of the Eastern Segment) including the value of any material and/or structure and/or property destined for or entering into or forming part of the Project Infrastructure, whether belonging to the Concessionaire or any of the Principal Contractors or Subcontractors and/or the Province and/or BCTFA and/or the engineers and/or otherwise and including automatically any changes in design or method of construction occurring during the term of the policy, such insurance to specify a policy limit of not less than [REDACTED].

(b) Equipment Insurance

↖ Section 17 and 21

"All Risks" Equipment Insurance, including flood and waterborne coverages, satisfactory to the Province covering all Construction Plant, including Construction Plant owned, rented or leased by the Concessionaire or any Principal Contractor or Subcontractor and used in the performance of any Project Work or for which the Concessionaire may be responsible.

(c) Deductibles Per Occurrence

All losses under the Builders' Risk Property Insurance or the Equipment Insurance – up to [REDACTED] per occurrence.

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(d) Waiver of Subrogation/Builders' Risk Insurance

The following Waiver of Subrogation is to be added to the Builders' Risk Property Insurance Policies:

"In the event of any physical loss or damage to property, the settlement or payment of the subsequent claim shall be made without the right of subrogation against Her Majesty the Queen in right of the Province of British Columbia or the BC Transportation Financing Authority, or any of the employees, agents and servants of Her Majesty the Queen in right of the Province of British Columbia or the BC Transportation Financing Authority, or any of the architects, engineers, consultants or contractors of Her Majesty the Queen in right of the Province of British Columbia or the BC Transportation Financing Authority, or any of the servants, agents, employees, volunteers, directors, or parent, subsidiary, affiliated or related firms of any such architects, engineers, consultants or contractors,

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engaged in or connected with the design, construction and related operations known as the “South Fraser Perimeter Road Project”.”

(e) **Waiver of Subrogation / Equipment Insurance**

The following Waiver of Subrogation is to be added to the equipment insurance policies:

“In the event of any physical loss or damage to equipment of FTG Fraser Transportation Group Partnership or any of its contractors or subcontractors, the settlement or payment of the subsequent claim shall be made without the right of subrogation against Her Majesty the Queen in right of the Province of British Columbia or the BC Transportation Financing Authority, or any of the employees, agents and servants of Her Majesty the Queen in right of the Province of British Columbia or the BC Transportation Financing Authority, or any of the architects, engineers, consultants or contractors of Her Majesty the Queen in right of the Province of British Columbia or the BC Transportation Financing Authority, or any of the servants, agents, employees, volunteers, directors, or parent, subsidiary, affiliates or related firms of any such architects, engineers, consultants or contractors, engaged in or connected with the design, construction and related operations known as the “South Fraser Perimeter Road Project”.”

1.5 Additional Conditions In Property and Liability Policies in this Part

- (a) Each of the Province and BCTFA will be named as an additional named insured in all policies for the property insurance referred to in Section 1.4(a) of this Schedule by an endorsement as follows:

“Her Majesty the Queen in Right of the Province of British Columbia and the BC Transportation Financing Authority are added as Additional Named Insureds.”

- (b) Notwithstanding any other terms, conditions or exclusions elsewhere in the policies or in this Schedule, it is understood and agreed that all policies for the liability insurance referred to in Section 1.1(a) of this Schedule shall be extended to include insurance coverages and clauses as follows:

“Her Majesty the Queen in Right of the Province of British Columbia and BC Transportation Financing Authority, together with all their employees, agents and servants, and all architects, engineers, consultants, contractors and any of their servants, agents, employees, volunteers, directors, parent, subsidiary, affiliated or related firms, engaged in or connected with the design, construction and related operations known as the “South Fraser Perimeter Road Project” (all the foregoing being referred to in this Section as “Additional Named Insureds”), are added as additional named insureds in respect of liability arising from the work or operations of the Insured and the Additional Named Insureds, in connection with contracts entered into between the Insured and the Additional Named Insureds.

The insurance provided by this policy shall apply in the same manner and to the same extent as though a separate policy had been issued to each Insured and Additional Named Insured. Any breach of a condition of the policy by any Insured or Additional Named Insured shall not affect the protection given by this policy to any other Insured or

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Additional Named Insured. The inclusion herein of more than one Insured and Additional Named Insured shall not operate to increase the limit of liability under this policy.

Products and Completed Operations Hazard coverage shall be provided and such cover shall remain in full force and effect for a period of [REDACTED] after the work has been completed, irrespective of the expiry date of the policy.”

↑ Section 17 and 21

1.6 Cancellation/Limitation

- (a) The insurance coverages referred to in this Part (except owned automobile insurance and professional liability insurance) shall not be cancelled, removed, or endorsed to restrict coverage or limits of liability, without 60 days' notice in writing by registered mail to the Province's Representative with a copy by registered mail to "The Corporate Insurance and Bonds Manager" at Ministry of Transportation, P.O. Box 9850 STN PROV GOVT, 4th Floor, 940 Blanshard Street, Victoria, BC, V8W 9T5 (or at such other address as the Province's Representative may from time to time by notice to the Concessionaire advise), except in the case of non-payment of premiums, in which case the minimum statutory notice requirements shall apply. In the case of Marine and Aviation Policies the Concessionaire shall use all reasonable efforts to fulfill the 60 days' notice requirement, but if, after using all reasonable efforts, the Concessionaire cannot fulfill the 60 days' notice requirement, the notice requirement in this subsection for Marine and Aviation Policies may be reduced to not less than 30 days.
- (b) The insurance coverages referred to in this Part shall not be lapsed without at least 30 days' notice in writing by registered mail to the Province's Representative with a copy by registered mail to "The Corporate Insurance and Bonds Manager" at Ministry of Transportation, P.O. Box 9850 STN PROV GOVT, 4th Floor, 940 Blanshard Street, Victoria, BC, V8W 9T5 (or at such other address as the Province's Representative may from time to time by notice to the Concessionaire advise).

1.7 Loss Payable

The insurance policies under Section 1.4(a) of this Schedule must contain a loss payable clause directing payment in accordance with the provisions of Section 6.18 [Application of Proceeds of Insurance] of this Agreement.

1.8 Use and Occupancy

Use and occupancy of any Project Infrastructure or any part thereof prior to any applicable date of completion shall not be cause for any termination of insurance coverage shown in the applicable sections of this Part.

1.9 Construction Activities after the Substantial Completion Date

The insurance described in Sections 1.1 to 1.8 of this Schedule inclusive will apply *mutatis mutandis* in connection with any Construction Activities carried out after the Western Segment Substantial Completion Date as provided in Section 6.1(b) of this Agreement, in each case until Total Completion of the relevant Construction Activity, provided that the Province shall have the right to make, and the

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Concessionaire shall comply with, any reasonable variations in such insurance requirements, including adjustments in policy limits and additions of coverages in connection with any particular Construction Activity. Any such variations made by the Province will not impose more stringent or less stringent requirements than those imposed by the Ministry for construction contracts of a similar nature or value to the relevant Construction Activity undertaken after the Western Segment Substantial Completion Date and will be based on the Province's reasonable assessment of the risks involved, based on the then current version of the Ministry Form INS152 or INS172, as appropriate. If the Concessionaire disputes the reasonableness of the Province's assessment of the relevant risks and any resulting variation to the insurance requirements under this Section with respect to any particular Construction Activity, the Concessionaire will notify the Province of its dispute within 10 days after the Province having notified the Concessionaire of the insurance requirements that will apply to the relevant Construction Activity. If the Province and the Concessionaire have not resolved the dispute with 10 days after the Concessionaire's notice of disagreement, the dispute will be referred for resolution under the Dispute Resolution Procedure.

If the Province does not propose any variation or adjustment to the insurance requirements in respect of any particular Construction Activity, then the provisions of Section 6.1(b) of this Agreement shall apply and the insurance described in Sections 1.1 to 1.8 of this Schedule inclusive shall be required.

**PART 2
LIABILITY INSURANCE REQUIRED FOR OPERATION**

2.1 Third Party Liability Insurance During Operations

- (a) Commercial General Liability insurance will be arranged with limits of not less than Section 17 and 21 → [REDACTED] inclusive of defence costs, for bodily injury, death, and property damage arising from any one accident or occurrence and in the annual aggregate arising out of or resulting from the Operation or Maintenance contemplated by this Agreement. The insurance policy will pay on behalf of the named insureds and the additional named insureds under the policy for any sum or sums which the insured may become liable to pay or shall pay for bodily injury, death or property damage or for loss of use thereof, arising out of or resulting from the work or operations of the Concessionaire, the Principal Contractor or the Subcontractor, including all persons, firms, corporations or partnerships who perform any Operation or Maintenance contemplated by this Agreement, anywhere within Canada and the USA at a minimum. In addition to the above limits, such liability insurance will also pay all costs, charges, and expenses in connection with any claims that may require to be contested by the insureds anywhere within Canada and the USA at a minimum.

- (b) If ships, boats or other vessels are used in the performance of any Operation or Maintenance contemplated by this Agreement and are owned, leased, rented, operated or used by the Concessionaire or any Principal Contractor or Subcontractor, then for bodily injury or death and property damage arising from any one accident or occurrence for all ships, boats and other vessels, insurance coverage is to be provided through either:
- (i) the Commercial General Liability Insurance policy referred to in Section 2.1(a) of this Schedule; or
 - (ii) a separate Protection and Indemnity insurance policy or such other policy or policies or combination thereof appropriate for this risk in the context of the

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Project, in any case with limits of not less than [REDACTED] for bodily injury or death and property damage arising from any one accident or occurrence and in the annual aggregate.

The Concessionaire will be responsible for ensuring that any changes to the requirements of the *Marine Liability Act* (Canada) and/or the regulations of the *Marine Liability Act* (Canada) are reflected in the insurance coverage provided.

- (c) If aircraft (including helicopters) are used in the performance of any Operation or Maintenance contemplated by this Agreement and are owned, leased, rented, operated or used by the Concessionaire or any Principal Contractor or Subcontractor, then third party Aircraft liability coverage with limits of not less than [REDACTED] for bodily injury or death and property damage arising from any one accident or occurrence and in the annual aggregate (or such lower limit that the Province's Representative determines in its discretion is acceptable and of which the Province's Representative so advises the Concessionaire in writing), must be provided, together with a waiver of subrogation on the hull.

(d) **Extensions of Coverage**

The liability insurance referred to in Sections 2.1(a), (b) and (c) of this Schedule will cover liability assumed by the Concessionaire in connection with and applicable to this Agreement and will include the following coverage extensions applicable to the following liability policies:

- (i) Coverage Extensions Applicable to the Commercial General Liability Policy
- Canada and USA coverage territory
 - Products/Completed Operations
 - Occurrence Property Damage
 - Broad Form Property Damage
 - Broad Form Completed Operations
 - Contingent Employers Liability
 - Medical Payments
 - Incidental Medical Malpractice
 - Blanket Written Contractual
 - Cross Liability
 - Attached Machinery
 - Non Owned Automobile
 - Legal Liability for damage to hired automobiles
 - Hazardous Operations (XCU)
 - Sudden and Accidental Pollution with coverage of not less than [REDACTED] (IBC Form #2313) subject to 120 hours/120 hours
 - 60 days notice of Cancellation or Limitation of cover (as more fully outlined under Section 2.6 of this Schedule)
 - Blanket Additional Insureds
- (ii) Coverage Extensions Applicable to the Marine and Aviation Policies
- Canada and USA coverage territory

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- 60 days notice of Cancellation or Limitation of cover (as more fully outlined under Section 2.6 of this Schedule)


(e) Inclusions / Exclusions Not Permitted

The following inclusions/exclusions are not permitted for any insurance referred to in Sections 2.1(a), (b) and (c) of this Schedule, except in the case of any insurance referred to in Sections 2.1(b) and (c) of this Schedule where such insurance is obtained under policies that are separate from the policy for the insurance referred to in Section 2.1(a) of this Schedule, as such separate policies are described in Sections 2.1(b) and (c) of this Schedule:

- (i) Hazardous operations, including excavation, pile driving, shoring, blasting, under-pinning or demolition work or any other operation or work to be performed as part of or in the course of the Project Work will not be excluded from insurance coverage.
- (ii) Claims arising out of the legal liability imposed upon the insured at common law and/or by statute for bodily injury or death to employees of the insured will not be excluded. However, exclusions applicable to liability imposed upon or assumed by the insured under Health and Safety Laws or for assessment by any Workers Compensation Board will be permitted.
- (iii) Liability assumed by the insureds under contract with railroad companies for the use and operation of railway sidings or crossings will not be excluded.
- (iv) Liability assumed by the Concessionaire under and applicable to any Gravel Licenses will not be excluded.
- (v) Liability arising out of all products where the Concessionaire supplies the material will not be excluded.
- (vi) Tort liability assumed by the Concessionaire under this Agreement will not be excluded.
- (vii) Exclusions for design/build, design/build/finance, design/build/finance/operate, or joint venture projects will not be permitted.
- (viii) Other types of services not listed above, to be performed by or on behalf of the Concessionaire under this Agreement will not be excluded.

(f) Deductible

A maximum deductible on the primary insurance policy will be allowed for any one accident or per occurrence of up to [REDACTED].


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(g) Self-Insured Retention

A maximum self-insured retention of up to [REDACTED] for any one accident or per occurrence will be permitted for the Concessionaire providing umbrella/excess liability insurance subject to having a minimum primary insurance policy of [REDACTED] underlying the umbrella/excess.

2.2 Professional Liability Insurance (Errors & Omissions)

← Section 17 and 21

- (a) Professional liability insurance coverage with a minimum limit of [REDACTED] per claim in connection with professional services (if any) rendered by the Concessionaire, the Principal Contractors or Subcontractors, and/or any engineers, architects and surveyors, and their respective employees, in the performance of the Project Work or any part thereof, including the maintenance, repair, rehabilitation, or construction of any road or bridge, or in the conduct of other professional services. Section 17 and 21
- (b) Coverage will be maintained for a period of [REDACTED] following completion of each item of maintenance, repair, rehabilitation or construction work. Section 17 and 21
- (c) A maximum deductible of [REDACTED] will be allowed. Section 17 and 21
- (d) Exclusions for design/build, design/build/finance, design/build/finance/operate, or joint venture projects will not be permitted.
- (e) The insurance referred to in this Section 2.2 [Professional Liability Insurance (Errors & Omissions)] of this Schedule shall not be cancelled, removed, or endorsed to restrict coverage or limits of liability, without 60 days' notice in writing by registered mail to the Province's Representative with a copy by registered mail to "The Corporate Insurance and Bonds Manager" at Ministry of Transportation, P.O. Box 9850 STN PROV GOVT, 4th Floor, 940 Blanshard Street, Victoria, BC, V8W 9T5 (or at such other address as the Province's Representative may from time to time by notice to the Concessionaire advise).

2.3 Automobile Insurance

Automobile Liability coverage providing third party liability and accident benefits insurance coverage must be provided for all vehicles required by law to be licensed that are owned, leased or rented by the Concessionaire or any Principal Contractor or Subcontractor and are used in the performance of the Project Work contemplated by this Agreement, with limits of not less than [REDACTED] for vehicles owned, leased or rented by the Concessionaire, any Principal Contractor, or any Subcontractor contracting directly with the Concessionaire, and limits of not less than [REDACTED] for vehicles owned, leased or rented by any other Subcontractor. Section 17 and 21

2.4 Additional Conditions In Liability Policies in this Part

Notwithstanding any other terms, conditions or exclusions elsewhere in the policies or in this Schedule, it is understood and agreed that all policies for the liability insurance referred to in Section 2.1(a) of this Schedule shall be extended to include insurance coverages and clauses as follows:

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“Her Majesty the Queen in Right of the Province of British Columbia and BC Transportation Financing Authority, together with all their employees, agents and servants, and all architects, engineers, consultants, contractors and any of their servants, agents, employees, volunteers, directors, parent, subsidiary, affiliated or related firms, engaged in or connected with the design, construction and related operations known as the “South Fraser Perimeter Road Project” (all the foregoing being referred to in this Section as “Additional Named Insureds”), are added as additional named insureds in respect of liability arising from the work or operations of the Insured and the Additional Named Insureds, in connection with contracts entered into between the Insured and the Additional Named Insureds.

The insurance provided by this policy shall apply in the same manner and to the same extent as though a separate policy had been issued to each Insured and Additional Named Insured. Any breach of a condition of the policy by any Insured or Additional Named Insured shall not affect the protection given by this policy to any other Insured or Additional Named Insured. The inclusion herein of more than one Insured and Additional Named Insured shall not operate to increase the limit of liability under this policy.

Products and Completed Operations Hazard coverage shall be provided and such cover shall remain in full force and effect for a period of 24 months after the work has been completed, irrespective of the expiry date of the policy.”

2.5 Cancellation / Limitation

- (a) The insurance coverages referred to in this Part (except owned automobile insurance and professional liability insurance) shall not be cancelled, removed, or endorsed to restrict coverage or limits of liability, without 60 days’ notice in writing by registered mail to the Province’s Representative with a copy by registered mail to “The Corporate Insurance and Bonds Manager” at Ministry of Transportation, P.O. Box 9850 STN PROV GOVT, 4th Floor, 940 Blanshard Street, Victoria, BC, V8W 9T5 (or at such other address as the Province’s Representative may from time to time by notice to the Concessionaire advise), except in the case of non-payment of premiums, in which case the minimum statutory notice requirements will apply. In the case of Marine and Aviation Policies the Concessionaire shall use all reasonable efforts to fulfill the 60 days’ notice requirement, but if, after using all reasonable efforts, the Concessionaire cannot fulfill the 60 days’ notice requirement, the notice requirement in this subsection for Marine and Aviation Policies may be reduced to not less than 30 days.
- (b) The insurance coverages referred to in this Part shall not be lapsed without at least 30 days’ notice in writing by registered mail to the Province’s Representative with a copy by registered mail to “The Corporate Insurance and Bonds Manager” at Ministry of Transportation, P.O. Box 9850 STN PROV GOVT, 4th Floor, 940 Blanshard Street, Victoria, BC, V8W 9T5 (or at such other address as the Province’s Representative may from time to time by notice to the Concessionaire advise).

2.6 Use and Occupancy

Use and occupancy of any Project Infrastructure or any part thereof prior to any applicable date of completion shall not be cause for any termination of insurance coverage shown in the applicable sections of this Part.

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2.7 Increase in Policy Limits

Unless the Province's Representative elects otherwise by notice to the Concessionaire at least 30 days before the applicable renewal date, on the first renewal of the insurance referred to in Sections 2.1, 2.2, 2.3 and 2.4 of this Schedule occurring after each of the 5th, 10th, 15th, 20th and any subsequent five year anniversaries of the Effective Date falling within the Term, the policy limits for such insurance shall be increased according to the following formula:

$$A = B \times \frac{\text{Reference CPI}_m}{\text{Reference CPI}_{bd}}$$

where A is the increased policy limit, B is the original policy limit stated above in the relevant section, Reference CPI_m is the Reference CPI for the date of the renewal of the insurance, and Reference CPI_{bd} is the Reference CPI for the Financial Base Date, with the result then rounded up to the nearest multiple of \$5,000,000.00.

**PART 3
PROPERTY INSURANCE REQUIRED FOR OPERATION**

3.1 Property Insurance

(a) "All Risks" Property Insurance

"All Risks" Property Insurance (for certainty, excluding any delay in start up, extra expense, business interruption, loss of income and loss of profits insurance) insuring against all risks (but specifically not including earthquake or flood) of direct physical loss of or damage to (including full resultant loss or damage) the applicable Project Infrastructure (including all Structures forming part thereof) as described in Sections 6.1(d), (e) and (f). The insurance referred to in this Section 3.1(a) of this Schedule to be obtained and maintained from and after the Eastern Segment Substantial Completion Date, the Western Segment Substantial Completion Date or the Total Completion Date, as the case may be, must specify a policy limit that is not less than the policy limit determined in accordance with Sections 3.1(g) and (h) of this Schedule for such insurance.

(b) Equipment Insurance

"All Risks" Equipment Insurance, including flood and waterborne coverages, satisfactory to the Province covering all Construction Plant, including Construction Plant owned, rented or leased by the Concessionaire or any Principal Contractor or Subcontractor and used in the performance of any Project Work or for which the Concessionaire may be responsible.

(c) Deductibles Per Occurrence

All losses under the "All Risks" Property Insurance or the Equipment Insurance – up to [REDACTED] per occurrence.

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(d) Waiver of Subrogation / "All Risks" Property Insurance

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The following Waiver of Subrogation is to be added to the “All Risks” Property Insurance Policies:

“In the event of any physical loss or damage to property, the settlement or payment of the subsequent claim shall be made without the right of subrogation against Her Majesty the Queen in right of the Province of British Columbia or the BC Transportation Financing Authority, or any of the employees, agents and servants of Her Majesty the Queen in right of the Province of British Columbia or the BC Transportation Financing Authority, or any of the architects, engineers, consultants or contractors of Her Majesty the Queen in right of the Province of British Columbia or the BC Transportation Financing Authority, or any of the servants, agents, employees, volunteers, directors, or parent, subsidiary, affiliated or related firms of any such architects, engineers, consultants or contractors, engaged in or connected with the design, construction and related operations known as the “South Fraser Perimeter Road Project”.”

(e) **Waiver of Subrogation / Equipment Insurance**

The following Waiver of Subrogation is to be added to the equipment insurance policies:

“In the event of any physical loss or damage to equipment of FTG Fraser Transportation Group Partnership or any of its contractors or subcontractors, the settlement or payment of the subsequent claim shall be made without the right of subrogation against Her Majesty the Queen in right of the Province of British Columbia or the BC Transportation Financing Authority, or any of the employees, agents and servants of Her Majesty the Queen in right of the Province of British Columbia or the BC Transportation Financing Authority, or any of the architects, engineers, consultants or contractors of Her Majesty the Queen in right of the Province of British Columbia or the BC Transportation Financing Authority, or any of the servants, agents, employees, volunteers, directors, or parent, subsidiary, affiliates or related firms of any such architects, engineers, consultants or contractors, engaged in or connected with the design, construction and related operations known as the “South Fraser Perimeter Road Project”.”

(f) **Additional Named Insured**

Each of the Province and BC Transportation Financing Authority will be named as an additional named insured in all “All Risks” Property Insurance policies by an endorsement as follows:

“Her Majesty the Queen in Right of the Province of British Columbia and the BC Transportation Financing Authority are added as Additional Named Insureds.”

(g) **Probable Maximum Loss Studies**

- (i) At least 60 days before the Eastern Segment Substantial Completion Date and at least 60 days before each of the 5th, 10th, 15th, 20th and any subsequent five year anniversaries of the Total Completion Date falling within the Term (each such anniversary of the Total Completion Date being in this Section 3.1(g) of this Schedule and in Section 3.1(h) of this Schedule called a “**PML Renewal Date**”), the Concessionaire shall submit to the Province’s Representative for approval

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pursuant to the Consent Procedure (such approval not to be unreasonably withheld) a probable maximum loss study with respect to:

- (A) in the case of the first probable maximum loss study, to be provided at least 60 days before the Eastern Segment Substantial Completion Date:
- (1) the probable maximum loss to all the Concession Infrastructure (including all Structures forming part thereof) as it will exist at the then estimated Total Completion Date, after Total Completion of the Primary Infrastructure Components;
 - (2) the probable maximum loss to all the Project Infrastructure comprising the Eastern Segment (including all Structures forming part thereof) as it will exist at the then estimated Eastern Segment Substantial Completion Date, after Substantial Completion of the Eastern Segment; and
 - (3) the probable maximum loss to all the Project Infrastructure (including all Structures forming part thereof) as it will exist at the then estimated Western Segment Substantial Completion Date, after Substantial Completion of the Primary Infrastructure Components;
- and
- (B) in the case of the probable maximum loss study for each PML Renewal Date, the probable maximum loss to all the Concession Infrastructure (including all Structures forming part thereof).

Each probable maximum loss study referred to in Section 3.1(g)(i)(B) of this Schedule may be an update of a previous probable maximum loss study with respect to the probable maximum loss described in Section 3.1(g)(i)(A)(1) of this Schedule. Each probable maximum loss study shall be addressed to and may be relied on by the Province, shall be prepared by a duly qualified, competent and independent person approved by the Province's Representative acting reasonably, and shall be conducted according to a methodology approved by the Province's Representative acting reasonably (each probable maximum loss study or update is in this Section 3.1(g) of this Schedule called a "**Probable Maximum Loss Study**").

- (ii) The policy limit for the "All Risks" Property Insurance referred to in Section 3.1(a) of this Schedule to be obtained and maintained:
- (A) from and after the Eastern Segment Substantial Completion Date, shall be not less than 110% of the probable maximum loss referred to in Section 3.1(g)(i)(A)(2) of this Schedule, subject to further adjustment pursuant to Section 3.1(h) of this Schedule on each anniversary of the Eastern Segment Substantial Completion Date (if any) occurring before the Western Segment Substantial Completion Date;

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- (B) from and after the Western Segment Substantial Completion Date, shall be not less than 110% of the probable maximum loss referred to in Section 3.1(g)(i)(A)(3) of this Schedule, subject to further adjustment pursuant to Section 3.1(h) of this Schedule on each anniversary of the Western Segment Substantial Completion Date (if any) occurring before the Total Completion Date; and
- (C) from and after the Total Completion Date, shall be not less than 110% of the probable maximum loss specified for all the Concession Infrastructure (including all Structures forming part thereof) in the latest Probable Maximum Loss Study delivered to and approved by the Province's Representative in compliance with this Section 3.1(g) of this Schedule, subject to further adjustment pursuant to Section 3.1(h) of this Schedule;

provided that if any Probable Maximum Loss Study or update thereof required to be provided in accordance with Section 3.1(g)(i) of this Schedule is not provided as and when required or is not approved by the Province's Representative in accordance with the Consent Procedure (such approval not to be unreasonably withheld), and if a replacement Probable Maximum Loss Study is not commissioned under Section 3.1(g)(iii) of this Schedule, then thereafter until the Probable Maximum Loss Study or update thereof is provided and approved by the Province's Representative, the policy limit for the "All Risks" Property Insurance referred to in Section 3.1(a) of this Schedule shall be not less than the then current (as at the time of loss) full replacement cost of the Project Infrastructure (including all Structures forming part thereof).

- (iii) If the Concessionaire fails to provide to the Province's Representative any Probable Maximum Loss Study or update thereof required to be provided in accordance with Section 3.1(g)(i) of this Schedule as and when required or if any such Probable Maximum Loss Study is not approved by the Province's Representative in accordance with the Consent Procedure (such approval not to be unreasonably withheld), the Province shall have the right (but shall not be obligated), without prejudice to its other rights and remedies under this Agreement, itself to commission the Probable Maximum Loss Study to be used for the purposes of this Section 3.1 [Property Insurance] of this Schedule as if it had been prepared and delivered by the Concessionaire, and in such case the Concessionaire shall pay to the Province on demand all costs and expenses incurred by the Province in obtaining such Probable Maximum Loss Study, together with an administrative fee equal to fifteen percent (15%) of such costs and expenses.

(h) Increase in Property Policy Limit

As of:

- (i) any anniversary of the Eastern Segment Substantial Completion Date referred to in Section 3.1(g)(ii)(A) of this Schedule;

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- (ii) any anniversary of the Western Segment Substantial Completion Date referred to in Section 3.1(g)(ii)(B) of this Schedule; and
- (iii) each anniversary of the Total Completion Date;

(each such anniversary being in this Section called a “**Policy Limit CPI Adjustment Date**”), the policy limit for the “All Risks” Property Insurance referred to in Section 3.1(a) of this Schedule, as determined in accordance with Section 3.1(g) of this Schedule and as previously adjusted under this Section 3.1(h) of this Schedule (if applicable), shall be adjusted according to the following formula:

$$A = B \times \frac{\text{Reference CPI}_m}{\text{Reference CPI}_{bd}}$$

where A is the adjusted policy limit, B is the policy limit in effect immediately before the relevant Policy Limit CPI Adjustment Date as previously determined in accordance with Section 3.1(g) of this Schedule and this Section 3.1(h) of this Schedule (if applicable), Reference CPI_m is the Reference CPI for the relevant Policy Limit CPI Adjustment Date, and Reference CPI_{bd} is the Reference CPI for the date that is one year before the relevant Policy Limit CPI Adjustment Date, with the result then rounded up to the nearest multiple of \$5,000,000.00.

3.2 Cancellation / Limitation

- (a) The insurance coverages referred to in this Part shall not be cancelled, removed, or endorsed to restrict coverage or limits of liability, without 60 days’ notice in writing by registered mail to the Province’s Representative with a copy by registered mail to “The Corporate Insurance and Bonds Manager” at Ministry of Transportation, P.O. Box 9850 STN PROV GOVT, 4th Floor, 940 Blanshard Street, Victoria, BC, V8W 9T5 (or at such other address as the Province’s Representative may from time to time by notice to the Concessionaire advise).
- (b) The insurance coverages referred to in this Part shall not be lapsed without at least 30 days’ notice in writing by registered mail to the Province’s Representative with a copy by registered mail to “The Corporate Insurance and Bonds Manager” at Ministry of Transportation, P.O. Box 9850 STN PROV GOVT, 4th Floor, 940 Blanshard Street, Victoria, BC, V8W 9T5 (or at such other address as the Province’s Representative may from time to time by notice to the Concessionaire advise).

3.3 Loss Payable

The insurance policies under Section 3.1(a) of this Schedule must contain a loss payable clause directing payment in accordance with the provisions of Section 6.18 [Application of Proceeds of Insurance] of this Agreement.

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3.4 Use and Occupancy

Use and occupancy of any Project Infrastructure or any part thereof prior to any applicable date of completion shall not be cause for any termination of insurance coverage shown in the applicable sections of this Part.

**PART 4
GENERAL PROVISIONS**

4.1 Amendments to Insurance Coverages

The Province may from time to time, acting reasonably, and on written notice to the Concessionaire, amend or vary the insurance coverages described in any of Parts 1, 2, or 3 of this Schedule, including by adjusting the policy limits and by changing the scope of coverages. Any such amendment will be considered an Province Change unless the amendment or variation is contemplated by the other provisions of this Schedule.

4.2 Primary and Excess Coverage

The Concessionaire may satisfy limit requirements through the use of primary and excess insurance programs.