

J.T VAUGHN CONSTRUCTION, LLC CCIP MANUAL

INTRODUCTION / CONTACTS

J.T. Vaughn Construction , LLC] (“Vaughn”) and the Project Owner have elected to utilize a Contractor Controlled Insurance Program (“CCIP”) for the Project in order to provide commercial general liability insurance coverage for certain Site Subcontractors, Vaughn, and the Owner. This **CCIP Manual** contains the CCIP terms and conditions, describes the CCIP Insurance coverage, and identifies CCIP administration responsibilities. Vaughn, and Consolidated Risk Solutions (CR Solutions”) an independent insurance program administrator, will be assisting by undertaking many of these responsibilities. This Manual does not provide CCIP Insurance coverage interpretations. Vaughn reserves the right to revise the Manual as it might later deem appropriate; however, the CCIP Insurance policies govern how coverage applies. This CCIP Manual is incorporated into the Project Subcontract.

CCIP Contact Information

CCIP SPONSOR / PROJECT GENERAL CONTRACTOR

Danny Thompson, Construction Director
J.T. Vaughn Construction, LLC (“Vaughn”)
10355 Westpark Drive
Houston, TX 77042
713-984-4131 office; 281-808-6133 cell

CCIP ADMINISTRATOR (“Administrator”)

This representative can help with your enrollment, monthly reporting questions, or other general CCIP inquiries.

Danny Thompson, Construction Director
10355 Westpark Drive
Houston, TX 77042
713-984-4131 office; 281-808-6133 cell

CCIP WEBSITE

This site is the Internet location to learn more about CCIP’s and research FAQ’s.

vaughn.acig.com

CCIP CLAIMS COORDINATOR

After first reporting any incident of Site bodily injuries, death, or property damage to the Vaughn supervisor located at the Site, this is the Vaughn representative to whom you should immediately report the incident. The Vaughn representative will help coordinate proper reporting to the CCIP Insurer.

Ron Arthur, Claims Manager, ACIG
972.687.9469 Direct ron.arthur@acig.com

J.T VAUGHN CONSTRUCTION, LLC CCIP MANUAL INTRODUCTION / CONTACTS

CCIP SAFETY COORDINATOR

This is the Vaughn representative assisting in coordinating Site safety matters.

Rad Manning, Director of Safety and Risk Management

Vaughn Construction 10355 Westpark Drive, Houston, TX 77042

713-243-8339 Office; 832-418-9759 cell

ramanning@vaughnconstruction.com

DEFINITIONS

Definitions

As used in this CCIP Manual the following terms have the following meanings:

CCIP: This Contractor Controlled Insurance Program sponsored by Vaughn for this project.

CCIP Insurance: The insurance providing the CCIP Coverages described in the CCIP Coverage Summary section of the CCIP Manual.

CCIP Manual: This Manual.

Contract Documents: The Contract between the Owner and Vaughn, including any addendums and any other documents forming part of the Contract identifying the Work.

Eligible Subcontractor: Any Subcontractor performing Work at the Site, but excluding any Subcontractor that is an Excluded Party as defined below.

Enrolled Subcontractor: Any Subcontractor enrolled in the CCIP and which has been issued a certificate of insurance by the CCIP.

Excluded Party: Any entity not eligible for enrollment in the CCIP as provided below:

- Entities whose primary scope of work is to perform hazardous materials remediation, removal and/or transport companies and their consultants;
- Architects, surveyors, engineers, and other professional services providers such as soil testing engineers or concrete testing engineers or other material testing engineers, and each of their respective consultants;
- Any person and/or organization that does not have responsibility for labor or installation on the Site such as fabrication or the manufacture of products, materials or supplies away from the Site with delivery to the Site. Vaughn, in its sole discretion, may designate a fabricator or supplier as an Eligible Subcontractor in the event that its erection or installation Subcontractor performs Work on the Site;
- Vendors, suppliers, fabricators, material dealers, truckers, haulers, owner/operators (independent contractors), drivers and others whose operation(s) and/or employee(s) is/are engaged solely in the loading, hauling and/or unloading of material, supplies and/or equipment to or from the Site;
- Subcontractors and each of their respective sub-subcontractors who do not perform any actual labor on the Site; and
- Any other parties whom Vaughn, in its sole discretion, elects to exclude from the CCIP, even if otherwise eligible.

Insurer: Any insurance company issuing a policy of insurance for the CCIP.

Off-Site: All premises, areas, and locations not defined as the Site.

Owner: [owner name]

DEFINITIONS

Project: The project as defined by the Contract Documents.

Subcontractor: An entity having a Written Agreement to perform Work at the Site. The defined term includes those entities having Written Agreements either directly with Vaughn or with those having indirect Written Agreements as Subcontractors of any tier below Vaughn.

Project Subcontract: The signed Written Agreement directly between Vaughn and a Subcontractor.

Site: Those premises or areas furnished by or on behalf of the Owner and indicated in the Contract Documents as the location(s) for the performance of the Work including any offsite staging areas, as long as they are dedicated solely to the Project; and areas immediately adjacent to the dedicated locations, including boundaries of local streets or public easement, in which Enrolled Subcontractors perform Work under a Written Agreement.

You or Your: The Enrolled Subcontractor.

Work: The furnishing of physical labor and other construction related activities at the Site on behalf of Vaughn necessary or convenient for Vaughn to perform its obligations under the Contract Documents.

Written Agreement: A contract, purchase order or other mutual understanding of the parties to perform Work at the Site that is in writing and signed by the parties.

Any terms not defined above have the meanings ascribed to them within in the Contract Documents, the insurance policies providing the CCIP Insurance, or otherwise in this Manual. In the event of any conflict between the Subcontract Agreement and the Manual, the Manual shall control. Any dispute concerning the CCIP terms and conditions, other than the application of the CCIP Insurance, shall be resolved pursuant to the applicable dispute resolution provisions of the Subcontract Agreement.

CCIP COVERAGE SUMMARY

CCIP Insurance

General Liability – American Contractors Insurance Group

\$5,000,000	Each Occurrence
\$5,000,000	General Aggregate
\$5,000,000	Completed Operations Aggregate

Excess Liability – Westchester / RSUI / Great American

\$70,000,000	Each Occurrence
\$70,000,000	General Aggregate
\$70,000,000	Completed Operations Aggregate

The Completed Operations Coverage will be extended for a period of up to ten years beyond the date the Contractor's Work is deemed completed according to the CCIP Insurance.

The CCIP Insurance is provided only for Enrolled Subcontractors.

The CCIP Insurance includes the following:

- Enrolled Subcontractors are Named Insureds;
- Certificates evidencing CCIP coverages, and policy copies made available to Enrolled Subcontractors;
- CCIP Insurance is dedicated solely to the Project;
- General Aggregate applies on a per-project basis;
- Extended completed operations coverage for a period of up to 10-years;
- Extension allowing for warranty / call-back activities;
- Joint defense provision.

The CCIP Insurance policies govern how coverage applies. While Vaughn is providing the CCIP Insurance, it assumes no fiduciary responsibilities in doing so. Vaughn makes no warranties or representations with respect to the policies' terms and conditions or how coverage is applied. Therefore, it is recommended that Enrolled Subcontractors read the policies for clarification and a full understanding of the CCIP Insurance.

BIDDING

CCIP Bidding

1. You will prepare your bids, quotations, and any subsequent change order quotations, to **exclude the cost of your regular insurance that is replaced by the CCIP Insurance, including profit and overhead.**
2. In addition, you should instruct your Eligible Subcontractors that their bid quotations, and any subsequent change order quotations, for the Project shall exclude the cost of their regular insurance that is replaced by the CCIP Insurance, including profit and overhead.
3. Vaughn has a right to issue a deductive change order of not less than two percent (2%) of the Written Agreement price if it is discovered at any time that any Enrolled Subcontractor has included insurance costs or charges in its bid price, monthly requisitions or change order quotations for coverage that has been replaced by the CCIP Insurance.

ENROLLMENT AND CLOSEOUT

CCIP Enrollment

Subcontractors cannot begin or perform work at the Site until they have met all enrollment and insurance requirements. The CCIP Administrator is available to assist in the process.

1. You must enroll in the CCIP if you have been awarded a Written Agreement for the Project and are Eligible for enrollment in the CCIP.
2. The entire enrollment process is managed online. A unique web link will be provided to you to enroll in the CCIP. If you have not received one, contact the CCIP Administrator.
3. Vaughn will not release any progress payment until all necessary CCIP enrollment information has been submitted and approved by the CCIP Administrator and the Subcontract Agreement's other applicable insurance requirements have been met.
4. Enrollment will be directed and facilitated by CR Solutions. Enrollment requires only basic information such as:
 - a. Company name, address, contact information;
 - b. Value of subcontract and scope;
 - c. Names of any lower-tier subcontractors.
5. You are responsible for ensuring that both your company, and any Eligible Subcontractors below you of any tier are enrolled.
 - a. If you utilize Subcontractors below you, you must also submit the company name(s) and contact information of each firm for enrollment.
 - b. In addition, you shall notify the Eligible Subcontractors (with whom you have a Written Agreement) of the enrollment procedures and ensure they enroll and maintain their enrollment online. You will require those Subcontractors to notify their Subcontractors and to pass the notification through all subcontracting tiers.
6. Upon submittal of enrollment information, an email confirmation will be sent to your company summarizing the information that was submitted. After review and acceptance of your enrollment information, you will receive an enrollment package containing a CCIP certificate of insurance evidencing your participation in the CCIP. Copies of the CCIP Insurance policies are available upon request to the CCIP Sponsor.
7. You must still comply with certain insurance requirements as outlined in your Subcontract Agreement such as:
 - a. Off-site general liability
 - b. Workers' compensation
 - c. Auto liability
 - d. Other insurance as noted in the Project Subcontract.

ENROLLMENT AND CLOSEOUT

8. **Subcontractors are not insured by the CCIP until they have received their CCIP certificate of insurance from the CCIP Administrator.**

CCIP CLOSEOUT UPON COMPLETION OF WORK

1. Vaughn will not release final payment until you have submitted all necessary CCIP information and it has been approved by the CCIP Administrator and Vaughn.
2. Upon completion of your Work for each Written Agreement, you are required to notify Vaughn of your Work completion date by way of email to the CCIP Administrator.

CLAIM REPORTING AND MANAGEMENT

CCIP Claim Reporting

1. **All incidents of Site bodily injuries, death, or property damage must be immediately reported to the CCIP Claims Coordinator as they may be claims under the CCIP Insurance.** The Vaughn Claims Coordinator will report all CCIP claims to the CCIP Insurer. Such claims could include:
 - a. Third-party bodily injury
 - b. Third-party property damage
 - c. Serious auto incidents, even though the CCIP does not provide auto coverage;
 - d. Serious employee (or sub-employee) injuries, even though the CCIP does not provide workers' compensation coverage.
2. Subcontractor must complete a **Report of Incident Form** (Manual page 12) to accompany all reports of incidents that have occurred at the Site, along with an **Employer's First Report of Injury**, if applicable.
3. All necessary reports are to be completed by the injured person's supervisor and/or foreman immediately.
4. Failure to report to the CCIP Claims Coordinator any incident involving bodily injury, death, or property damage within 24-hours of the Subcontractor's knowledge of the event shall subject the Subcontractor to a fine of not less than \$500 per day of such failure.
5. The CCIP Claims Coordinator must be immediately notified upon service of all lawsuits or governmental citations filed against Vaughn or a Subcontractor relating to the Project. Notification should be by telephone call, email communication, and by fax transmission for any lawsuit papers or governmental citation.
6. If failure to forward a lawsuit or citation timely to CCIP Claims Coordinator results in a default judgment against the Subcontractor, the Subcontractor receiving the lawsuit or citation will be financially responsible for the attorney fees, court costs, judgment cost and other expenses associated with the default judgment.

Incident Investigation

1. As a general rule, never discuss incidents with anyone except authorized Vaughn representatives, law enforcement or other governmental agencies, or the CCIP Insurer.
2. You must communicate facts, allegations and issues immediately and shall assist and cooperate in every manner possible in connection with the reporting, investigation and adjustment of all claims and demands which the CCIP Insurer is called upon to adjust or defend relating to the Project.
3. Please direct all media inquiries to the Vaughn-designated Project spokesperson or to the CCIP Claims Coordinator.
4. Upon request, you shall also cooperate in the handling of any claim by securing and giving evidence, coordinating potentially responsive insurance policies, providing incident documentation, allowing

CLAIM REPORTING AND MANAGEMENT

inspections and investigations to proceed as instructed, and obtaining the attendance of employee witnesses as required.

Transitional Work / Light Duty

1. Whether or not insured by the CCIP, Subcontractors shall make every effort to provide modified or light duty to injured employees.
2. Failure to provide modified or light duty shall result in a Project Subcontract assessment of up to \$500 per day of non-compliance with this provision.

Joint Defense of and Waiver of Insured Claims

1. Project-related claims are handled under the joint defense provision of the CCIP Insurance. Therefore, it is important to inform the CCIP Claims Coordinator should you receive a demand that you defend or indemnify another Subcontractor on the Project to prevent waiving any of your rights under the CCIP Insurance.
2. By enrolling in the CCIP, you and each Subcontractor waive the right to make a claim against another party enrolled in the CCIP if the claim arises from "Bodily Injury" or "Property Damage" to which the CCIP Insurance applies and for which there are adequate unexhausted limits of the CCIP Insurance to pay damages. Being provided insured status under the CCIP shall be deemed a waiver of such claims by each Insured, and further, you hereby waive any such claims. Coverage by the CCIP also means you also agree to perform any additional acts required to effectuate the foregoing waiver. This paragraph shall not apply to any claim to the extent necessary to trigger the CCIP Insurance.
3. In view of the preceding, the Insurer is responsible for the defense, prosecution, or other resolution of matters the CCIP Insurance covers. The Insurer expects any matters requiring legal or other assistance to be the responsibility of one attorney or one law firm selected by the Insurer in its sole discretion. Likewise, the Insurer shall retain, in its sole discretion, such investigators, experts, and others as it deems necessary or desirable to assist the Insurer and those covered by the CCIP Insurance. Accordingly and while you may always retain such legal representation and other assistance as you believe is appropriate under the circumstances, the CCIP Insurance will not pay such costs and expenses as you may choose to incur. This prohibition is consistent with a purpose of the CCIP, namely, reducing costs associated with covered matters through a knowledgeable and unified approach.

CLAIM REPORTING AND MANAGEMENT

Ongoing Claims Management

1. The Insurer will be conducting regular quarterly claims reviews with Enrolled Subcontractors. Besides participating in the reviews, the Enrolled Subcontractors are expected to remain actively involved until all claims are resolved. If additional claims information is needed, please contact the CCIP Claims Administrator or the CCIP Insurer's assigned claims adjuster.
2. You are responsible for the first \$2,500 of each CCIP claim for which you seek coverage.

CLAIM REPORTING AND MANAGEMENT

REPORT OF INCIDENT FORM

(To be completed by a Supervisor)

Project #:	Project Name:
Type of Incident (check box)	Bodily Injury <input type="checkbox"/> Death <input type="checkbox"/> Property Damage <input type="checkbox"/>

Employee Information (for Site employee injury/death)

Name of Employee:	Social Security Number:	Occupation:
Employer:	Date Hired:	Number of Days on Site:

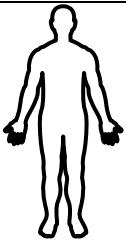
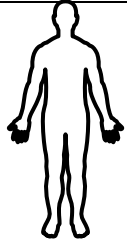
Incident Information

Date & Time of Incident:	Specific Location of Incident (floor/gridline):	Weather/Temperature:
Tools or Equipment Involved:	Was a Drug & Alcohol test performed? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Who had care, custody and control of equipment involved (company/individual)?		
Name of medical facility to which injured worker transported:	Worker Transported By (Name/Company/Title):	
When will the employee return to work?	Any work restrictions?	
Names of Witnesses (Attach Witness Statement for Each):		

Incident Notification

Date & Time Reported to [name short] Superintendent/Foreman:	Was OSHA notified? Yes <input type="checkbox"/> No <input type="checkbox"/>
Was a family member of the employee notified? Yes <input type="checkbox"/> No <input type="checkbox"/>	By whom?
By Whom?	At what time?
Date & Time Reported to the [name short] Claims Mgr. / Safety:	

Incident Description

Foreman/Superintendent to investigate and describe in your own words, how the incident occurred.		
Describe injury in detail (include body part injured).	Show Location of Injury	
		
	Front	Back
		Body Part: Injury Location: Injury Type:

 Subcontractor's Representative
 Title

 Print Name and
 Date
 Date

CLAIM REPORTING AND MANAGEMENT

Foreman	Date	[name short]
Superintendent	Date	

ADDITIONAL CCIP CONDITIONS AND RESPONSIBILITIES

Safety and Quality

- Vaughn and its subcontractors are jointly committed to safety and quality. Your responsibilities with respect to safety and quality are enumerated in the Project Subcontract.

Communicating this CCIP Information to your Subcontractors

- As an Enrolled Subcontractor, you shall **incorporate a copy of this Manual in all of your Written Agreements with other Enrolled Subcontractors** and shall require each of them to do the same.
- Failure to provide each of your Enrolled Subcontractors with a copy of the Manual shall not relieve you or any of your Enrolled Subcontractors from any of the obligations contained in the Manual, the CCIP Insurance, or the Contract Documents.

Program Cancellation or Modification

- While Vaughn will endeavor to maintain the CCIP in its present form, no warranty or representation is made that market conditions, cost, or other factors will not result in changes to the CCIP at some future date.
- Vaughn is not required to provide the CCIP Insurance and may, for any reason, modify the CCIP Insurance coverages, discontinue the CCIP, or request that you or any Enrolled Subcontractors withdraw from the CCIP upon 30 days' written notice.
- Vaughn's election to terminate or not to furnish the CCIP may apply to only a single Enrolled Subcontractor or multiple Enrolled Subcontractors.
- In the event of cancellation, Vaughn shall, at its sole option, give Enrolled Subcontractors at least 30 days' written notice of cancellation of any policy or policies provided by the CCIP.
- As an Enrolled subcontractor, in the event of termination it is your responsibility to:
 - Procure alternate insurance coverage for the CCIP Insurance policy or policies canceled; or,
 - Procure and maintain alternate insurance coverage for the CCIP Insurance policy or policies canceled, the amounts, contents and carriers of which shall be satisfactory to Vaughn who will reimburse you for the verified premium costs.
- You shall not attempt to cancel any of the policies described herein without the express written consent of Vaughn, and any attempted cancellation without said express written consent shall be null and void.

ADDITIONAL CCIP CONDITIONS AND RESPONSIBILITIES

Submittal of Required Information

- You shall provide, within five (5) business days of a request by Vaughn, CCIP Program Manager, CCIP Coordinator, CCIP Insurers or the CCIP Administrator, all documents or information which may include but not be limited to, insurance rating and policy information, certificates of insurance, safety records or history, OSHA citations, or such other data or information as Vaughn or the Insurer may request in the administration of the CCIP.

Cooperation, Compliance and Meeting Attendance

- You shall cooperate fully with the CCIP Administrator, CCIP Claims Coordinator, CCIP Safety Coordinator and representatives of the CCIP Insurers, as requested, for the proper administration of the CCIP. You shall comply with all of the administrative, safety, insurance, and other requirements outlined in the Manual, Subcontract Agreement, CCIP Insurance policies, and elsewhere in the Contract Documents. At the request of Vaughn, you shall attend meetings held in connection with the CCIP.
- At the request of Vaughn, you shall execute and deliver to Vaughn any release, assignment, direction, or authorization that Vaughn or any Insurer may require for such purpose.

Waivers of Rights of Recovery/Subrogation

- Refer to applicable Contract Documents.

Enrolled Subcontractor Representations, Acknowledgments and Warranties to Contractor.

You represent, acknowledge and warrant to Vaughn:

- That your bid price, monthly requisitions, pay applications, change orders, and time and material work, exclude the cost of the insurance, including profit and overhead, provided by the CCIP. Any errors in the information furnished to Vaughn will be considered a material misrepresentation by the Subcontractor.
- That you acknowledge and agree the Vaughn has the right to issue a deductive change order if it is determined, at any time, that you have included charges for insurance, including profit and overhead, in any pay application, for coverage that is provided by CCIP.
- That all information you submit to Vaughn or the CCIP Insurer shall be accurate and complete.
- That you have had the opportunity to read and analyze the CCIP insurance policies and understand the coverages provided by the CCIP.

ADDITIONAL CCIP CONDITIONS AND RESPONSIBILITIES

- That any reference or summary in the CCIP Manual, or elsewhere in any other Contract Document as to amount, nature, type or extent of CCIP coverages and potential applicability to any potential claim or loss is for reference only. That you have not relied upon said reference but solely upon your own independent review and analysis of the CCIP Coverages in formulating any understanding or belief as to amount, nature, type or extent of any CCIP coverages or its potential applicability to any potential claim or loss.
- That Vaughn is not a guarantor of the insurance companies providing coverage under the CCIP and that Vaughn is not responsible for any coverage disputes between you and the CCIP Insurer.
- That any type of insurance coverage or limits of liability in addition to the CCIP coverages that you require for your own protection, or that is required by applicable laws or regulations, shall be your sole responsibility and expense and the value of such shall not be billed to Vaughn or included in any pay application or change order.
- That you acknowledge and agree that Vaughn, the CCIP Insurer, or any of their representatives may require supporting documentation including, but not limited to, your payroll records, books and records, insurance coverages, insurance cost information, for a) the purpose of validating that the proper insurance costs have in fact been removed from your bid or changes orders; b) validating that such removed insurance costs have been properly calculated; c) the ongoing administration of the CCIP; or, d) regulatory compliance purposes. Vaughn reserves the right to assess a penalty of not less than \$250 per day of non-cooperation with such audit or verification processes.
- That if an audit of your records reveals a discrepancy in the insurance, payroll, or the inclusion of insurance costs, including profit and overhead on such insurance, in any payment for the Work, Vaughn shall have the right to full deduction from the Subcontract of all such costs. Resulting audit expense shall include but not be limited to the fees and costs for conducting such audit by Vaughn, the CCIP Insurer, attorneys, and accountants.
- That you acknowledge Vaughn may withhold payment owing you pending compliance with this Manual's requirements or those of the Prime or Subcontract.
- That you shall not violate or knowingly permit to be violated any conditions of the CCIP policies and shall at all times satisfy the requirements and recommendations of the insurance companies issuing them.
- That all obligations imposed on you by the CCIP insurance policies shall likewise be imposed upon, assumed and performed by each of your Subcontractors.
- That it is your responsibility to notify your insurance agents, brokers and insurance companies of your CCIP participation.

END OF DOCUMENT