

SECTION 6 OF THE FUNDING AGREEMENT DEALING WITH INSURANCE

PLEASE ENSURE THAT YOU HAVE THE CORRECT INSURANCE IN PLACE AND PROVIDE THE CORRECT PAPERWORK REQUIRED.

6.0 Insurance

6.1 Prior to the signing of this Agreement, and on each anniversary date thereof and on the anniversary date of the insurance policy if different from the anniversary of the beginning construction of the Project(s) until the Agreement has been fulfilled, the Ultimate Recipient shall provide evidence sufficient to the Project Review Committee of Commercial General Liability Insurance in the minimum amount shown, with the specifics as outlined in Section 6.2:

- (a) For Projects with total Eligible Costs of less than Five Hundred Thousand (\$500,000.00) Dollars, a limit of Two Million (\$2,000,000.00) Dollars; or
- (b) For Projects with total Eligible Costs of Five Hundred Thousand (\$500,000.00) Dollars or more, a limit of Five Million (\$5,000,000.00) Dollars.

6.2 The Ultimate Recipient shall provide and maintain the following insurance policies in force during this Agreement. All policies shall be issued by insurers maintaining a minimum A.M. Best "A-" rating licensed to carry on business in Canada and shall be subject to approval by the Province, acting reasonably.

- a) Commercial General Liability insurance with an insured limit as shown in Paragraph 6.1 (a) or 6.1 (b) for the limit of not less than the amount shown on a per occurrence basis covering bodily injury, death and damage to property, including loss of use, and not less than the same limit required in 6.1(a) or 6.1 (b) per occurrence and in the annual aggregate for products liability and completed operations. All coverages as noted below shall be included but not limited to the Commercial General Liability coverage:
 - i. premises, property and operations liability;
 - ii. products liability and completed operations;
 - iii. blanket contractual liability;
 - iv. contingent employers' liability;
 - v. personal injury liability;
 - vi. non-owned licensed motor vehicle (automobile) liability;
 - vii. sudden and accidental pollution liability;
 - viii. water craft coverage (if applicable); and
 - ix. fire fighting expense liability.

This insurance shall be in the name of the Ultimate Recipient, and name the Province and their respective Ministers, elected and appointed officials, officers, employees and agents, as an additional named insured to the extent of the Ultimate Recipient's legal liability for claims for property damage, bodily injury, including death and personal injury, arising from the operations of the Ultimate Recipient, its employees, agents and contractors, and shall include both cross liability and severability of interest clauses;

- b) If the Project consists of or involves in any way work or a professional nature, such as engineering, engineering design, construction management, architectural work or any other professional service identified, then Professional (Errors & Omissions) Liability Insurance with an insured limit of not less than two million dollars (\$2,000,000.00) per claim and in the annual aggregate covering legal liability for economic losses arising from the performance of work provided under this Agreement shall be secured. The policy will be maintained for a period of not less than six (6) years following the expiration or early termination of this Agreement if required by the type of work performed in the opinion of the Project Review Committee;
- c) Automobile liability insurance in respect to owned or leased licensed motor vehicles with an insured limit of not less than two million dollars (\$2,000,000.00) per accident covering bodily injury, death and damage to property including loss of use thereof;
- d) If the Project consists of or involves in any way work in or on boats or marine craft of any type, whether powered or not powered, or if the Project involves any use of aircraft, then the Ultimate Recipient shall provide evidence of such insurance particulars and amount and with an insurer all as required by the Province designed specifically for marine and water exposures or those related to airports or aviation. Said requirements shall be no less in terms of overall limits, based on the size of the contracts. The Province specifically reserves the right to modify this paragraph should such work be contracted and prior to the start of any work under the agreement.

6.3 In addition to the insurance requirements contained in paragraphs 6.1 and 6.2 herein, the Ultimate Recipient shall also provide evidence sufficient to the Province of the following insurance, as in the opinion of the Project Review Committee is applicable to the Project(s), and which evidence shall be provided by the Ultimate Recipient prior to the signing of this Agreement, and on each anniversary date thereof until the Agreement has been fulfilled:

- a) If the Project consists of a renovation to an existing building or structure, then the Ultimate Recipient shall provide evidence of Course of Construction Property Insurance, that is all risk, replacement cost blanket limit, with an agreed amount endorsement and includes boiler and machinery coverage where applicable in the

opinion of the Project Review Committee. Said coverage will include completed operations coverage for 24 months after completion to the full value of the building or structure as required by the Project Review Committee. Coverage for explosion, collapse and underground exposure shall be included along with loss of use.

- b) If the Project consists of construction of a new building or structure, then the Ultimate Recipient shall provide evidence of Course of Construction Property Insurance, that is all risk, replacement cost blanket limit, with an agreed amount endorsement and includes boiler and machinery coverage where applicable in the opinion of the Project Review Committee. Said coverage will include completed operations coverage for 24 months after completion to the full value of the building or structure as required by the Project Review Committee.

6.4 In all insurance policies required under paragraphs 6.1, 6.2 and 6.3 herein:

- a) There shall be an endorsement stating that the insurer will provide 30 days' notice to the Province's Risk Manager (or the acting or assistant) of cancellation or material change in coverage;
- b) The insurer shall acknowledge that the policy is primary and any other insurance policies that may be in effect or any other sources of recovery including the Government of Prince Edward Island's Self Insurance and Risk Management Fund shall not contribute in any way to any judgments, awards, payments, or cost or expenses of any kind whatsoever made as a result of actual or alleged claims. The Ultimate Recipient shall provide the Province with current certificates of insurance, in a form and content reasonably acceptable to the province, evidencing the required insurance policies hereunder within ten (10) days of the Effective Date and on each renewal of the insurance policies thereafter. Umbrella insurance may be used to achieve the required insured limits above.

6.5 If the Ultimate Recipient fails to maintain the required insurance described herein, the Province may, but has no obligation to, pay the premium therefore and obtain reimbursement from the Ultimate Recipient. The Ultimate Recipient's required insurance shall be primary except to the extent of claims arising from the negligence.

6.6 Nothing in this Section 6 shall be construed to limit the liability of any insurer of any insurance required under Section 6. For further clarification, Ultimate Recipient shall waive any limitation of rights of recovery where an insurer of any policy listed in Section 6 is responding, is expected, or is waiting to respond to a claim and the insurer shall not be limited in its liability by reason of this section 6, except to the limit established.