

1       **SECTION 107 - LEGAL RELATIONS AND RESPONSIBILITY TO PUBLIC**

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3       Make the following amendments to said Section:

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6       **(I)**       Amend **Section 107.01 Insurance Requirements** from lines to 81 to  
7       read as follows:

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9       **“(A) Obligation of Contractor.** Contractor shall not commence any work  
10       until it obtains, at its own expense, all required insurance described herein.  
11       Such insurance shall be provided by an insurance company authorized by  
12       the laws of the State to issue such insurance in the State of Hawaii.  
13       Coverage by a “Non-Admitted” carrier is permissible provided the carrier  
14       has a Best’s Rating of “A-VII” or better. The Contractor shall maintain and  
15       ensure all insurance policies are current for the full period of the contract  
16       until final acceptance of the work by the State.

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18       The Certificate of Insurance shall contain: a clause that it is agreed  
19       that any insurance maintained by the State of Hawaii will apply in excess  
20       of, and not contribute with, insurance provided by this policy; and shall be  
21       accompanied by endorsement form CG2010 or equivalent naming the State  
22       as an additional insured to the policy which status shall be maintained for  
23       the full period of the contract until final acceptance of the work by State.

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25       The Contractor shall obtain all required insurance as part of the  
26       contract price. Where there is a requirement for the State of Hawaii and its  
27       officers and employees to be named as additional insureds under any  
28       Contractor’s insurance policy, before the State of Hawaii issues the Notice  
29       to Proceed, the Contractor shall obtain and submit to the Engineer a  
30       Certificate of Insurance and a written policy endorsement that confirms the  
31       State of Hawaii and its officers and employees are additional insureds for  
32       the specific State project number and project title under such insurance  
33       policies. The written policy endorsement must be issued by the insurance  
34       company insuring the Contractor for the specified policy type or by an agent  
35       of such insurance company who is vested with the authority to issue a written  
36       policy endorsement. The insurer’s agent shall also submit written  
37       confirmation of such authority to bind the insurer. Any delays in the  
38       issuance of the Notice to Proceed attributed to the failure to obtain the proof  
39       of the State of Hawaii and its officers and employees’ additional insured  
40       status shall be charged to the Contractor.

42 A mere Certificate of Insurance issued by a broker who represents  
43 the Contractor (but not the Contractor's insurer), or by any other party who  
44 is not authorized to contractually name the State as an additional insured  
45 under the Contractor's insurance policy, is not sufficient to meet the  
46 Contractor's insurance obligations.

47  
48 Certificates shall contain a provision that coverages being certified  
49 will not be cancelled or materially changed without giving the Engineer at  
50 least thirty (30) days prior written notice. Contractor will immediately  
51 provide written notice to the Director should any of the insurance policies  
52 evidenced on its Certificate of Insurance form be cancelled, reduced in  
53 scope or coverage, or not renewed upon expiration. Should any policy be  
54 canceled before final acceptance of the work by the State, and the  
55 Contractor fails to immediately procure replacement insurance as  
56 specified, the State, in addition to all other remedies it may have for such  
57 breach, reserves the right to procure such insurance and deduct the cost  
58 thereof from any money due or to become due to the Contractor.

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60 Nothing contained in these insurance requirements is to be  
61 construed as limiting the extent of Contractor's responsibility for payment of  
62 damages resulting from its operations under this contract, including the  
63 Contractor's obligation to pay liquidated damages, nor shall it affect the  
64 Contractor's separate and independent duty to defend, indemnify and hold  
65 the State harmless pursuant to other provisions of this contract. In no  
66 instance will the State's exercise of an option to occupy and use  
67 completed portions of the work relieve the Contractor of its obligation to  
68 maintain the required insurance until the date of final acceptance of the  
69 work.

70  
71 All insurance described herein shall be primary and cover the insured  
72 for all work to be performed under the contract, all work performed incidental  
73 thereto or directly or indirectly connected therewith, including but not  
74 limited to traffic detour work, barricades, warnings, diversions, lane closures,  
75 and other work performed outside the work area and all change order work.

76  
77 The Contractor shall, from time to time, furnish the Engineer, when  
78 requested, satisfactory proof of coverage of each type of insurance  
79 required covering the work. Failure to comply with the Engineer's request  
80 may result in suspension of the work, and shall be sufficient grounds to  
81 withhold future payments due the Contractor and to terminate the contract  
82 for Contractor's default.

83  
84 **(B) Types of Insurance.** Contractor shall purchase and maintain  
85 insurance described below which shall provide coverage against claims  
86 arising out of the Contractor's operations under the contract, whether such  
87 operations be by the Contractor itself or by any subcontractor or by

88 anyone directly or indirectly employed by any of them or by anyone for  
89 whose acts any of them may be liable.  
90

91 **(1) Workers' Compensation.** The Contractor shall obtain  
92 worker's compensation insurance for all persons whom they employ  
93 in carrying out the work under this contract. This insurance shall be  
94 in strict conformity with the requirements of the most current and  
95 applicable State of Hawaii Worker's Compensation Insurance laws  
96 in effect on the date of the execution of this contract and as modified  
97 during the duration of the contract.  
98

99 **(2) Auto Liability.** The Contractor shall obtain Auto Liability  
100 Insurance covering all owned, non-owned and hired autos with a  
101 Combined single Limit of not less than \$1,000,000 per occurrence  
102 for bodily injury and property damage with the State of Hawaii named  
103 as additional insured. Refer to SPECIAL CONDITIONS for any  
104 additional requirements.  
105

106 **(3) General Liability.** The Contractor shall obtain General  
107 Liability insurance with a limit of not less than \$2,000,000 per  
108 occurrence and in the Aggregates for each of the following:  
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110 **(a)** Products - Completed/Operations Aggregate,  
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112 **(b)** Personal & Advertising Injury, and  
113

114 **(c)** Bodily Injury & Property Damage  
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116 The General Liability insurance shall include the State as an  
117 Additional Insured. The required limit of insurance may be provided  
118 by a single policy or with a combination of primary and excess  
119 policies. Refer to SPECIAL CONDITIONS for any additional  
120 requirements.  
121

122 **(4) Builders Risk For All Work.** The Contractor shall take out a  
123 policy of builder's risk insurance for the full replacement value of the  
124 project work; from a company licensed or otherwise authorized to do  
125 business in the State of Hawaii; naming the State as an additional  
126 insured under each policy; and covering all work, labor, and materials  
127 furnished by such Contractor and all its subcontractors against loss  
128 by fire, windstorm, tsunamis, earthquakes, lightning, explosion, other  
129 perils covered by the standard Extended Coverage Endorsement,  
130 vandalism, and malicious mischief. Refer to SPECIAL CONDITIONS  
131 for any additional requirements."  
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(II) Add **Section 107.18 Citizen and Residential Labor Force** after line 745 to read as follows:

**“107.18 Citizen and Residential Labor Force.**

**(A) Citizen Labor.** No person shall be employed as a laborer or mechanic unless such person is a citizen of the United States or eligible to become one; provided that persons without such qualifications may be employed with the approval of the Governor until persons who are citizens and are competent for such services are available for hire.

**(B) Residential Labor Force.** In accordance with Act 192; SLH 2011, no less than eighty (80) percent of the bidder's labor force working on the contract shall be provided by Hawaii residents. This act applies to all construction procurements under HRS Chapter 103D; however this act does not apply to procurements for professional services under Section 103D-304 and small purchases under Section 103D-305. This act is also applicable to any subcontract of \$50,000.00 or more in connection with this contract.

Resident means a person who is physically present in the State of Hawaii at the time the person claims to have established the person's domicile in the State of Hawaii and shows the person's intent is to make Hawaii the person's primary residence.

**(C)** Percentage of workforce shall be determined by dividing the labor hours (including subcontractors) provided by residents working on the project divided by the total number of hours worked by all employees of the contractor in the performance of the contract. Hours worked by employees within shortage trades as determined by the Department of Labor and Industrial Relations shall not be included in the calculation of this percentage.

**(D)** Certification of compliance with the forgoing provisions shall be made by the contractor in the form of a written oath submitted to the Procurement Officer on a monthly basis for the duration of the contract.

**(E)** Sanctions for non compliance with these provisions are as follows:

**(1)** With respect to the General Contractor, withholding of payment on the contract until the Contractor or its Subcontractor complies with HRS Chapter 103B as amended by Act 192, SLH 2011.

177                   **(2)**     Proceedings for debarment or suspension of the Contractor  
178                   or Subcontractor under Hawaii Revised Statutes § 103D-702.  
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180                   This Section shall not apply when its application will disqualify the State  
181                   from receiving federal funds or aid.”  
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**END OF SECTION 107**