



APPENDIX B
INSURANCE AND INDEMNIFICATION

Article 1 - Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, hold harmless, and defend Alaska Aerospace Corporation (AAC) from and against any claim of, or liability for error, omission or negligent act of the Contractor under this agreement. The Contractor shall not be required to indemnify AAC for a claim of, or liability for, the independent negligence of AAC. If there is a claim of, or liability for, the joint negligent error or omission of the Contractor and the independent negligence of AAC, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis, "Contractor" and "AAC", as used within this and the following articles, include the employees, agents and other contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in AAC's selection, administration, monitoring, or controlling of the Contractor and in approving or accepting the Contractor's work.

Article 2 - Insurance

Without limiting Contractor's indemnification, it is agreed that Contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this Agreement the policies of insurance listed below. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If Contractor's policy contains higher limits, AAC shall be entitled to coverage to the extent of such higher limits. Certificates of insurance must be furnished to AAC prior to beginning work and must provide for a notice of cancellation, non-renewal or material change of conditions in accordance with policy provisions. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach of this contract and shall be grounds for termination of the Contractor's services. All insurance policies shall comply with and be issued by insurers licensed to transact the business of insurance under AS 21 or of their applicable state regulations.

Article 3 - Worker's Compensation Insurance

The Contractor shall provide and maintain, for all employees engaged in work under this contract, worker's compensation insurance coverage as required by AS 23.30.045, and; where applicable, any other statutory obligations, including but not limited to Federal U.S.L.&H and Jones Acts requirements. The policy must waive subrogation against the State.

Article 4 - Commercial General Liability

The Contractor shall provide commercial general liability coverage for all business premises and operations used by the Contractor, its subcontractor(s) or anyone directly or indirectly employed by them, in the performance of services under this agreement. The policy must waive subrogation against the State and must include AAC as additional insured. Combined single limits required are per the following schedule:

Contract Amount	Minimum Required Limits
Under \$100,000	\$500,000 per Occurrence/Annual Aggregate
\$100,000- \$499,999	\$1,000,000 per Occurrence/Annual Aggregate
\$500,000- \$999,999	\$2,000,000 per Occurrence/Annual Aggregate
Over \$1,000,000	Negotiable.

Article 5 - Automobile Liability

The Contractor shall provide automotive liability coverage for all vehicles used by the Contractor in the performance of services under this agreement, with minimum coverage limits of three-hundred thousand (\$300,000) combined single limit per claim. The policy must waive subrogation against the State and must include AAC as additional insured.

Article 6 - Aircraft Liability Insurance

If work involves use of aircraft, Aircraft Liability Insurance covering all owned and non-owned aircraft with a per occurrence limit of not less than \$5,000,000.00.

Article 7 - Marine Protection and Indemnity Insurance

If work involves the use of watercraft, Marine Protection and Indemnity (P&I) coverage with limits not less than \$100,000 per occurrence for all vessel operations. Hull and Machinery Coverage is to be carried on the vessel for the full current market value. This coverage requirement may be waived at the discretion of the AAC if the Contractor self-insures the equipment and will waive all rights of recovery against AAC in writing.