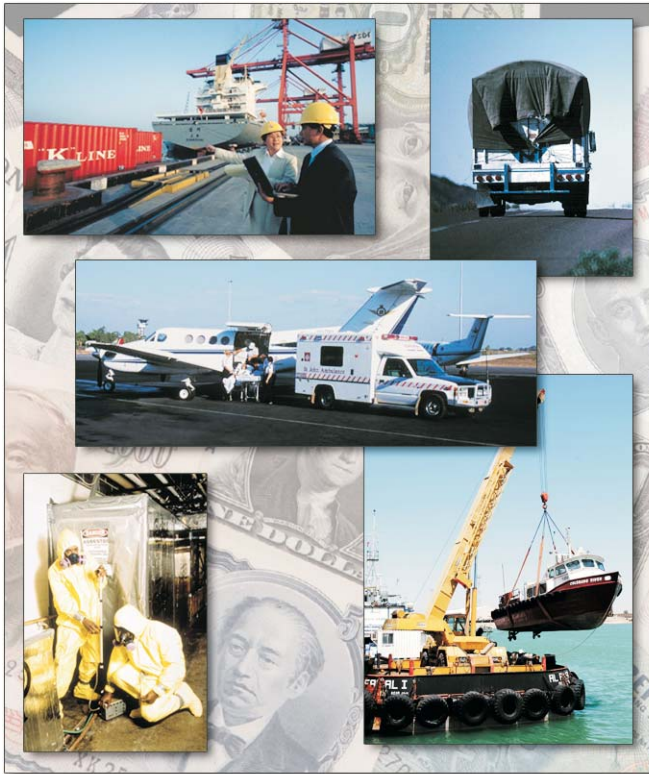


# Insurance and Proposal Performance Securities

## What insurance will be required of subcontractors and suppliers?

The types and levels of insurance required of subcontractors and suppliers will vary based on scopes of work and services to be provided. For instance, if a subcontractor is to perform asbestos abatement services, special liability insurance will be required for those services. Likewise, if a subcontractor provides maritime services, special marine insurance will be required. Generally, however, the required coverages will be third-party liability insurance; automobile liability insurance; Defense Base Act Workers' Compensation and Medevac insurance for employees working at the various in-country sites and in neighboring countries in accordance with USAID instructions; and first-party property insurance for subcontractor/supplier business personal property.



## What protection will the contractor provide?

Where allowed by U.S. Government contracting policies, the contractor will flow down certain liability protections contained in its prime contract with USAID to subcontractors. Such protections will be enumerated in the proposed contract terms and conditions during the bidding/proposal stage of each work scope.

## About securities

Bid securities, when required, will be in the form of a certified or cashiers check in the amount of ten percent of proposed price. The bid security will be returned to the bidders upon award of the subcontract. Performance securities, when required, will be in the form of an unconditional and irrevocable bank guarantee in an amount typically equal to ten percent of the awarded subcontract value. Upon final acceptance, the amount of the bank guarantee may be reduced to five percent to cover the warranty period.

## Security documents and banks

Bechtel will provide the bank guarantee form. Failure to utilize the proper form may be cause for rejection of a proposal. Bechtel reserves the right to approve the proposed bank supplying the security.

We further agree that any change, modification, addition or amendment which may be made to the terms and conditions of the AGREEMENT, or to the works to be performed thereunder, or to the payments to be made on account thereof, or any extension of the time of performance of the works...

**Performance Bank Guarantee**

Bechtel National, Inc.  
8180 Greensboro Drive  
McLean, Virginia 22102

Subcontract No. \_\_\_\_\_

Subject: \_\_\_\_\_

Description of Subcontract: \_\_\_\_\_

Effective Date of Guarantee: \_\_\_\_\_

In consideration of you, Bechtel National, Inc. (hereinafter referred to as BECHTEL), having entered into the above subcontract (hereinafter referred to as AGREEMENT) with \_\_\_\_\_ (hereinafter referred to as CONTRACTOR), we \_\_\_\_\_ (hereinafter referred to as BANK) hereby irrevocably and unconditionally guarantee to BECHTEL and USAID subject only to the monetary limitation hereinafter specified, that CONTRACTOR shall well and truly perform and fulfill all the undertakings, covenants, terms and conditions of the AGREEMENT, and that CONTRACTOR shall well and truly perform and fulfill all changes, modifications, additions or amendments to the AGREEMENT that may hereafter be made, and that CONTRACTOR shall also indemnify, defend and hold harmless BECHTEL and USAID from all costs, liability and damage which BECHTEL or USAID may suffer by reason of CONTRACTOR's failure so to do.

\_\_\_\_\_ in its absolute discretion, gives notice to us at any time of its intention to fulfill any of the acts or obligations set forth in the above agreement, irrevocably undertake, and