

## CONSTRUCTION CONTRACT

### Terminology Guide

TERM	DEFINITION
Additional Insured Endorsement	Endorsement attached to the commercial general liability policy that provides insured status to another contractor.
Additional Insured Endorsement—Automatic Status	A specific type of additional insured endorsement that grants additional insured status when that status is required in a written contract (typically the subcontractor agreement or construction contract).
Additional Insured Endorsement—Designated Person or Organization	A specific type of additional insured endorsement that grants additional insured status to specific individuals or organizations that are listed on a schedule.
Aggregate Limit	Total limit of insurance that caps the amount of insurance a company will pay for all losses across a policy term.
Per project Aggregate	Provides an aggregate limit for each project.
AIA-American Institute of Architects	Association of professional architects that serves as the voice of the architecture profession and as a resource for its members.  Provides subscription service for various construction industry approved contract templates that include boilerplate contract language.
Anti-Indemnity Laws	State statutes that essentially ban the transfer of sole negligence from one party of a contract to another.  Some states pass specific laws for the construction industry.  Colorado: Indemnity for Sole Fault Prohibited---NO Indemnity for Partial Fault Prohibited---YES Additional Insured Indemnity Prohibited---YES
“Arising Out of Operations”	Indemnification agreement language that, most courts agree, conveys a broad transfer or risk to the downstream party to the contract, including the transfer of sole negligence
“Caused in Whole or Part By”	Indemnification agreement language that, most courts agree, conveys a more limited transfer or risk because it more directly ties the subcontractors’ actions to the injury or damage.  Typically it is assumed that the downstream party to the contract is not assuming the transfer of sole negligence.
Certificate of Insurance	A document identifying that an insurance policy has been written and setting forth the particular types of coverage or limits of coverage that are in force at a particular time.
CG2010 10/85 Endorsement Form	The first and arguably broadest ISA additional insured endorsement, which provides additional insured coverage for all losses, “arising out of operations.”  Provides coverage for both ongoing and completed operations.  At times, contractors will specify this endorsement as a contract requirement as it conveys broad risk transfer downstream to the subcontractor. Most insurance carriers no longer use this endorsement since many state statutes do not allow broad risk transfer.
CG2037 10/01 Endorsement Form	A specific ISO additional insured endorsement that provides coverage for completed operations.
Completed Operations	An exposure to loss that arises out of the contractor’s completed work.
Ongoing Operations	An exposure to loss faced by contractors that arises out of the contractor’s operations prior to completion.
Primary & Noncontributory	Construction contract provision that requires the subcontractor’s additional

Primary & Noncontributory "continued"	insured coverage to apply prior to any other available insurance. "Noncontributory" means that the sub contractor's insurance carrier cannot seek contribution toward settlement from the contractor's insurance.
Sole Negligence Liability	Liability that sole rests with only one contractor, with no liability shared among other parties to the construction project.
Subcontractor Agreement	Title often assigned to a construction contract. Also referred to as a "Contractor-Subcontractor Agreement".
Vicarious Liability	A legal principle that assigns liability for an injury or damage to a person who did not cause the injury but who has a special legal relationship to the person who did act negligently.
Waiver of Subrogation	Construction contract provision that requires one party (and their insurance carrier) to not pursue recovery of damages from another party in the contract.
Colorado Statue of Repose	This refers to the Colorado statue on construction defect that when discovery is after the completion/certification of occupancy of a new building/home. Claims can be bought against the contractor for up to a period of 6 years after completion/certification of occupancy with an additional two years to bring suit if the loss was based on a construction defect during the period of initial construction.

This document was prepared for use as an information guide. Reasonable attempts have been made to ensure that the information is accurate and current as of its publication date (11/14). However, you should independently verify the current statutory or regulatory language and converse with legal council. Information resources included in this document were made available through Acuity Insurance Companies, a leading provider of insurance programs for construction contractors.