

# THIRD PARTY AUTHORIZATION AGREEMENT

## Exhibit C

### Section 6 Insurance and Bonding Requirements

#### INSURANCE REQUIREMENTS

The Company and/or any subcontractor shall procure and maintain, until all of their obligations have been discharged, including any warranty periods under the Agreement, insurance against claims for injury to persons or damage to property arising from, or in connection with, the performance of the work hereunder by the Company, its agents, representatives, employees and/or subcontractors.

The Insurance Requirements herein are **minimum** requirements for the Agreement and in no way limit the indemnity covenants contained in the Agreement. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the Company from liabilities that arise out of the performance of work under the Agreement by the Company, its agents, representatives, employees and/or subcontractors, and the Company is free to purchase additional insurance.

#### **A. MINIMUM SCOPE AND LIMITS OF INSURANCE**

The Company shall provide coverage with limits of liability not less than those stated below. Deductible(s), Self Insurance, and Self-Insured Retention (SIR) amounts are subject to review and approval by ADOT Safety and Risk Management.

##### **1. Commercial General Liability – Occurrence Form**

The policy shall include bodily injury, property damage, personal and advertising injury and broad form contractual liability coverage.

<b>General Aggregate</b>	<b>\$2,000,000</b>
<b>Personal and Advertising Injury</b>	<b>\$1,000,000</b>
<b>Blanket Contractual Liability – Written and Oral</b>	<b>\$1,000,000</b>
<b>Damage to Rented Premises</b>	<b>\$ 50,000</b>
<b>Each Occurrence</b>	<b>\$1,000,000</b>

- a. The policy shall be endorsed, as required by written agreement, to include the ***“The State of Arizona, ADOT/MVD and its officers, officials, agents, and employees”*** shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Company.
- b. Any additional coverage(s) included in/with and/or endorsed onto the commercial general liability shall have separate and distinct limits from the commercial general liability coverage limits. The(se) additional coverage(s) shall be subject to the same requirements as the respective coverage section set forth in this document and/or required by Agreement.
- c. The policy shall contain a waiver of subrogation endorsement in favor of the State of Arizona, the Department and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Company.
- d. The Company’s policies shall stipulate and/or be endorsed that the insurance afforded the Company shall be primary insurance and that any insurance carried by the Department, its agents, officials, employees or the State of Arizona shall be excess and not contributory insurance, as prescribed by A.R.S. § 41-621 (E).

- e. If at any time the Company establishes, acquires, and/or operates more than one (1) location to perform under the Agreement, it is the sole responsibility of the Company to notify the insurer(s) of the additional location(s) in compliance with the terms and conditions set forth by the insurer(s). All coverages shall be extended to each location performing under the Agreement in amounts greater than or equal to the minimum coverage limits set forth in this document and/or required by Agreement. Failure to comply with the insurers' requirements will not limit the Company's liability under the Agreement.

**2. Business Automobile Liability**

The policy shall contain Bodily Injury and Property Damage coverage for any owned, hired, and/or non-owned vehicles used in the performance of the Agreement.

**Combined Single Limit (CSL) \$1,000,000**

- a. The policy shall be endorsed, as required by written agreement, to include the *“The State of Arizona, ADOT/MVD and its officers, officials, agents, and employees”* shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Company involving automobiles owned, leased, hired or borrowed by the Company.
- b. The policy shall contain a waiver of subrogation endorsement in favor of the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Company.
- c. The Company's policies shall stipulate and/or be endorsed that the insurance afforded the Company shall be primary insurance and that any insurance carried by the Department, its agents, officials, employees or the State of Arizona shall be excess and not contributory insurance, as prescribed by A.R.S. § 41-621 (E).

**3. Workers' Compensation and Employers' Liability**

Workers' Compensation Statutory Limits

**Employers' Liability**

**Each Accident \$1,000,000**  
**Disease – Each Employee \$1,000,000**  
**Disease – Policy Limit \$1,000,000**

- a. The policy shall contain a waiver of subrogation endorsement in favor of the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Company.
- b. This requirement shall not apply to a Company or subcontractor exempt under A.R.S. § 23-901, if such company or subcontractor executes the appropriate waiver (Sole Proprietor/Independent Company) form.

**4. Cyber Liability – Broad Form**

Network & Information Security Liability  
**Each Claim \$2,000,000**  
**Annual Aggregate \$2,000,000**  
 Computer Fraud Coverage & Funds Transfer Loss  
**Minimum Sub-limit \$ 150,000**

The policy shall contain all of the following (**the limits for each must be greater than or equal to the Network & Information Security amounts**):

- a. Coverage for third party claims and losses with respect to network risks (such as data breaches, unauthorized access or use, ID theft, theft of data) and invasion of privacy regardless of the type of media involved in the loss of private information, crisis management and identity theft response costs. This should also include breach notification costs, credit remediation and credit monitoring, defense and claims expenses, regulatory defense costs plus fines and penalties, cyber extortion, computer program and electronic data restoration expenses coverage (data asset protection), and network business interruption.
- b. Data entry, modification, verification, maintenance, storage, retrieval or preparation of data output hostile action or a threat of hostile action with the intent to affect, alter, copy, corrupt, destroy, disrupt, damage, or provide unauthorized access/unauthorized use of a computer system including exposing or publicizing confidential electronic data or causing electronic data to be inaccessible.
- c. Computer viruses, Trojan horses, worms and any other type of malicious and/or damaging code.
- d. Dishonest, fraudulent, malicious, or criminal use of a computer system by a person, whether identified or not, and whether acting alone or in collusion with other persons, to affect, alter, copy corrupt, delete, disrupt, or destroy a computer system or obtain financial benefit for any party or to steal or take electronic data.
- e. Access to a computer system or computer system resources by an unauthorized person or an authorized person in an unauthorized manner.
- f. Loss or disclosure of confidential information no matter how it occurs.
- g. Any additional coverage(s) included in/with and/or endorsed onto the cyber liability shall have separate and distinct limits from the cyber liability coverage limits. The(se) additional coverage(s) shall be subject to the same requirements as the respective coverage section set forth in this document and/or required by Agreement.
- h. The policy shall be endorsed, as required by this written agreement, to include the ***“The State of Arizona, ADOT/MVD and its officers, officials, agents, and employees”*** shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Company.
- i. The policy shall contain a waiver of subrogation endorsement in favor of the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Company.
- j. The Company’s policies shall stipulate and/or be endorsed that the insurance afforded the Company shall be primary insurance and that any insurance carried by the Department, its agents, officials, employees or the State of Arizona shall be excess and not contributory insurance, as prescribed by A.R.S. § 41-621 (E).
- k. If at any time the Company establishes, acquires, and/or operates more than one (1) location to perform under the Agreement, it is the sole responsibility of the Company to notify the insurer(s) of the additional location(s) in compliance with the terms and

conditions set forth by the insurer(s). All coverages shall be extended to each location performing under the Agreement in amounts greater than or equal to the minimum coverage limits required by Agreement and set forth in this document. Failure to comply with the insurers' requirements will not limit the Company's liability under the Agreement.

**5. Commercial Crime or Blanket Fidelity Policy**

***The amount of coverage shall be determined by the Department and reviewed annually; any/all sub-limits must be greater than or equal to this amount.***

Coverage shall include:

- a. The State of Arizona and the Department shall be a named as a Loss Payee as our interest may appear.
- b. Employee Dishonesty to include coverage for theft and mysterious disappearance and inventory shortage.
- c. Computer fraud.
- d. Forgery and/or Alteration.
- e. Coverage for *all* directors, officers, agents, and employees of the Company.
- f. Coverage shall be extended to third parties.
- g. The policy shall not contain a requirement for identification, arrest, and/or conviction.
- h. Coverage for loss inside and outside the premises of the Named Insured(s).
- i. Any additional coverage(s) included in/with and/or endorsed onto the crime/fidelity policy shall have separate and distinct limits from the crime/fidelity coverage limits. The(se) additional coverage(s) shall be subject to the same requirements as the respective coverage section set forth in this document and/or required by Agreement.
- j. If at any time the Company establishes, acquires, and/or operates more than one (1) location to perform under the Agreement, it is the sole responsibility of the Company to notify the insurer(s) of the additional location(s) in compliance with the terms and conditions set forth by the insurer(s). All coverages shall be extended to each location performing under the Agreement in amounts greater than or equal to the minimum coverage limits required by Agreement and set forth in this document. Failure to comply with the insurers' requirements will not limit the Company's liability under the Agreement.

**B. ADDITIONAL INSURANCE REQUIREMENTS**

1. The Company's policies, as applicable, shall stipulate that the insurance afforded the Company shall be primary and that any insurance carried by the Department, its agents, officials, employees or the State of Arizona shall be excess and non-contributory insurance, as prescribed by A.R.S. § 41-621 (E).
2. If at any time the Company establishes, acquires, or operates more than one (1) location to perform under the Agreement, it is the sole responsibility of the Company to notify the insurer(s) of the additional location(s) in compliance with the terms and conditions set forth by the insurer(s). All coverages shall be extended to each location performing under the Agreement in amounts greater than or equal to the minimum coverage limits required by Agreement and set forth in this document. Failure to comply with the insurers' requirements will not limit the Company's liability under the Agreement.
3. Insurance provided by the Company shall not limit the Company's liability assumed under the indemnification provisions of the Third Party Authorization Agreement.

## **C. NOTICE OF CANCELLATION**

With the exception of ten (10)-day notice of cancellation for non-payment of premium, any changes material to compliance with the Agreement in the insurance coverages above shall require sixty (60) days written notice to the State of Arizona. Such notice(s) shall be sent directly to the ADOT Risk Management, Insurance & Indemnification Section and shall be sent by certified mail, return receipt requested.

## **D. ACCEPTABILITY OF INSURERS**

The Company's insurance shall be placed with insurance companies duly licensed in the State of Arizona or which hold approved non-admitted status on the Arizona Department of Insurance's List of Qualified Unauthorized Insurers. Insurers shall have an "A.M. Best" rating of not less than A- VII or be duly authorized to transact Workers' Compensation insurance in the State of Arizona. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Company from potential insurer insolvency.

## **E. VERIFICATION OF COVERAGE**

1. The Company shall furnish ADOT MVD with certificates of insurance (ACORD form or equivalent approved by the State of Arizona) as required by this Agreement. The certificates for each insurance policy are to be signed by an authorized representative.
2. All insurance certificates and endorsements are to be received and approved by the State of Arizona before work commences under the Agreement.
3. Insurance coverages must be in effect at or prior to commencement of work under the Agreement and must remain in effect for its duration. Failure to maintain the required insurance coverages or provide timely evidence of coverage renewal is a material breach of the Agreement.
4. All certificates required by the Agreement shall be sent directly to the ADOT Risk Management, Insurance and Indemnification Unit. The State of Arizona project/Agreement number, if applicable, and project or Third Party Authorization description shall be noted on the certificate of insurance. The State of Arizona reserves the right to require complete, certified copies of all insurance policies required by the Agreement at any time.

## **F. SUBCONTRACTORS**

The Company's certificate(s) shall include all subcontractors as insureds under its policies, or the Company shall furnish to the State of Arizona separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.

## **G. APPROVAL**

Any modification or variation from the insurance requirements in this Agreement shall be made by ADOT/MVD in consultation with the Arizona Department of Administration, Risk Management Division. Such action will not require a formal amendment to this Agreement, but may be made by administrative action.

## **H. EXCEPTIONS**

In the event the Company or its sub-contractor(s) is/are a public entity, then the above-referenced insurance requirements shall not apply. Such public entity shall instead provide the Department with a copy of its Certificate of Self-Insurance. If the Company or sub-contractor(s) is/are a State of Arizona agency, board, commission, or university, none of the above insurance requirements shall apply.

## **I. COMPLIANCE**

Any failure on the part of the Company to meet all of the insurance requirements shall constitute a

material breach of the Agreement and shall be subject to corrective actions and/or remedies prescribed in the Agreement.

## **BONDING**

A failure on the part of the Company to meet the bonding requirements shall constitute a breach of contract and may subject the Company to corrective action(s) by ADOT MVD as provided in the Third Party Authorization Agreement.

If the Company fails to have a current and valid performance bond in place at all times for the duration of the Agreement, ADOT MVD may issue a cease and desist order pursuant to A.R.S. § 28-5109. The issuance of a cease and desist order would immediately prohibit the Company from continuing to operate as an Authorized Third Party Provider and to perform any further Third Party services under the Agreement until such time as the Company submits, and ADOT MVD accepts and approves, the necessary replacement bond.

### **A. PERFORMANCE BOND**

In accordance with A.R.S. § 28-5104, and except as provided in § 28-5104(F), the Company shall submit an acceptable form of bond to ADOT MVD in the amount of at least one-hundred thousand dollars (\$100,000) per location requested in the Company's application. The bond shall be executed by a surety company authorized to transact business in this state, and shall list the Company as principal obligor and the State of Arizona as obligee.

1. The performance bond(s) required by this section shall contain a provision that it(they) will not be canceled until at least sixty (60) calendar days after written notice has been given to ADOT MVD. A performance bond shall otherwise remain in full force and effect during the term of the Agreement.

### **B. DRIVERS' LICENSE SERVICES BOND**

A company applying for authorization as a Third Party Driver License Provider shall submit an acceptable form of bond in the amount of at least three hundred thousand dollars (\$300,000) for an initial application in accordance with A.R.S. § 28-5101.01. This bond shall be in addition to the bond required in accordance with A.R.S. § 28-5104.

1. Additional locations providing Driver License Services shall have a one hundred thousand dollar (\$100,000) surety bond for each location.
2. Additional locations that have an existing one hundred thousand dollar (\$100,000) bond in accordance with A.R.S. § 28-5104, as a provider of title and registration services, shall not be required to obtain a second one hundred thousand dollar (\$100,000) bond in accordance with A.R.S. § 28-5101.01.
3. The performance bond(s) required by this section shall contain a provision that it(they) will not be canceled until at least sixty (60) calendar days after written notice has been given to ADOT MVD. A performance bond shall otherwise remain in full force and effect during the term of the Agreement.