

BANGLADESH RURAL ELECTRIFICATION BOARD

PBS INSTRUCTION 100-16

**INSURANCE COVERAGE AND BOND REQUIREMENTS
FOR BREB/ PBS 's CONTRACTORS**

BANGLADESH RURAL ELECTRIFICATION BOARD

PBS INSTRUCTION 100-16

Approval Date: 07/03/1979

Revision Date : 19/02/2020

**SUBJECT: INSURANCE COVERAGE AND BOND REQUIREMENTS FOR BREB/
PBS 's CONTRACTORS**

I. PURPOSE

To set forth Bangladesh Rural Electrification Board policy with respect to minimum insurance requirements for contractors, performing work under contracts with PBS, and requirements for bonds to be furnished by contractors.

II. POLICY

- A. Contractors performing work for BREB or PBS under contracts shall obtain insurance coverage for carrying and installing of heavy equipment as follows :
- (a) Power Transformers
 - (b) Voltage Regulators
 - (c) 33 KV & 11 KV Sub-station Type ACR/ OCR/ Breaker
- B. Contractors entering into contracts with BREB or PBS for carrying of materials shall furnish a Performance Bond in the Form of Bank Guarantee.
- C. It is the responsibility of BREB/ PBS to make sure that their contractors comply with the insurance and bond requirements against their contracts.

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III. TYPES AND MINIMUM AMOUNTS OF INSURANCE REQUIRED OF CONTRACTORS

Contracts entered into between BREB/ PBS and contractors shall provide that they take out and maintain throughout the contract period insurance of the following types and minimum amounts:

1. **Workmen Compensation Insurance**, as required by law, covering all their employees who perform construction under the contract, whether or not such insurance is required by laws governing the employment of any such employees. If any employer or employee is not subject to workmen's compensation laws, the insurance shall extend to the employer and employee voluntarily covered to the same extent as though the employer or employee were subject to workmen's compensation laws.
2. **Automobile liability insurance**, as required by law, on all motor vehicles used in connection with the contract, whether owned, non-owned or hired.
3. When BREB/ PBS contracts for the installation of a major equipment by other than the supplier or for moving of major equipment from one location to another (example: substation equipment), it is recommended that such contracts require the contractor to furnish BREB/ PBS with an installation floater policy. Such policy should cover all risks of damage to the equipment until completion of the installation contract.

IV. PERFORMANCE BONDS REQUIRED OF CONTRACTOR

The following Contracts shall require performance bond executed before signing

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of contract with BREB/ PBS. The bond must be submitted to BREB/ PBS before signing of contract or as stipulated in the contract.

1. Electrical Sub-station/Switching station Construction Contract.
2. Electrical Line Construction Contract.
3. Civil Construction Contract.
4. Carrying Contract.
5. Clearing and Forwarding (C&F) Contact.

The contractors require to secure a Performance Bond in the form of Bank Guarantee from any schedule Bank in Bangladesh on an approved form. The value or amount of the Performance Bond shall be equal to as mentioned in the tender document.

V. RESPONSIBILITY

1. It is the responsibility of the BREB/ PBS to make sure, prior to the commencement of work, that the contractor have insurance which complies with their contract requirements. The evidence should be in the form of a certificate signed by an authorized representative of the insurance company, which includes a provision that no change in or cancellation of any policy listed in the certificate will be made without prior written notice to the BREB/ PBS.
2. When BREB shall specifically so direct, the PBS shall also require the contractor to furnish BREB evidence of compliance with their contract requirements. The evidence shall be in the form of a certificate signed by an authorized representative giving the information spelled out above.

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