

STO BUILDING GROUP

CRANE MANAGEMENT POLICY

Introduction:

The use of Cranes on our Project Sites is increasing. As we all have become aware, Crane accidents in our industry are not uncommon and often result in significant property damage and/or fatalities. Anytime a crane is utilized on our projects, Structure Tone may face both a direct and indirect exposure depending on who the crane is contracted with.

Risk Management is introducing a NEW POLICY in an effort to provide guidelines on how we can manage this risk associated with the operation of cranes on our projects.

Understanding the Exposure:

Cranes are typically utilized on our projects under two different scenarios;

- (A) We lease a crane directly and the Crane Company and Operator are contracted directly with the STO Building Group; or
- (B) Our Prime Tier trade contractor leases the Crane or a Sub-tier leases the Crane

The more common approach is (B) listed above. However, it is in this instance where the STO Building Group has our greatest challenge in managing this exposure.

LIVE EXAMPLE: We recently had a project wherein our Trade Contractor was responsible for completing work that included the installation of wall panels. This work required a Crane to pick the panels – as such the Prime Tier Trade executed an Agreement with the Crane Company to perform this work.

- There was no contractual agreement flowing from the Crane Company/Operator to STI
- There was no Additional Insured language flowing from our Prime Trade to the Crane Company that included listing STI as an additional Insured
- There was no Indemnification language running from the Prime Trade to the Crane Company that included STI
- Our Prime Trade (who contracted with the Crane Company) asked to de-scope their work and came very close to walking out on our contract and/or closing their doors

We then had a Crane collapse on the project, with significant property loss and loss of housing for several individuals.

- In this instance we had no contractual relationship with the Crane Company, nor were we protected by any insurance (remember our prime tier was potentially closing its doors) and we had no leverage with the Crane Company to have them respond and indemnify STI for the loss.

SOLUTION:

- We need to ensure that our Trades are properly executing Agreements (sub-contracts) with the Crane Company/Crane Operator – there needs to be a written agreement that flows from the Trade to the Crane Company. We also need to ensure that OUR Prime Subcontractor is

providing the appropriate coverage to address the operation of a Crane and Riggers Liability coverage.

STO Building Group Crane Procedures (new)

- Crane rentals should be made through a Trade Contractor – avoid direct crane rentals and create an insurance “buffer” coming from the Trade Contractor
- If a Crane is to be utilized on a Project Site (by any contractor) both Risk Management & Legal must be notified by the Project Team
- Our Subcontractor’s Commercial General Liability Policy needs to be amended to increase the required limits of liability (minimum \$10M) for all Crane operations. The policy shall also include Rigger’s Liability and shall not exclude coverage for damage to any property being lifted. If the Commercial General Liability Policy cannot be extended to include Riggers Liability, then we will accept a separate stand-alone Riggers Liability with coverage limits not less than the maximum value of the property being lifted at any one time. Minimum acceptable liability limits for Rigger’s Liability shall be not less than \$5M
- Our Subcontractor must execute a separate Rental Agreement/Subcontract with the Crane Company and/or Crane Operator. (NOTE: A Rental Agreement alone is NOT ACCEPTABLE as a form of Subcontractor Agreement or Subcontract). That Agreement/Subcontract must specify the minimum required Liability limits (\$10M) that are required (Limits may be subject to increase based on the contract value) and must include;
 - a. Recognition of all required upstream parties to ensure that all parties are included as Additional Insured’s – to include STI, our Owner, Building Owner, etc. (as specified in our contract with the prime tier)
 - b. Include the appropriate Additional Insured Endorsement
 - c. Include a Waiver of Subrogation Endorsement
 - d. Include a Primary & Non-Contributory Endorsement

NOTE: Specific states and cities have specific insurance limits requirements to operation a crane, such a New York City where a limit of insurance of \$80M is required

- The Project Team must perform a thorough review of the Crane Company’s Insurance, Licensing, NCCCO Certificate, Additional Insured Endorsements, Waiver of Subrogation and Primary & Non-Contributory endorsements
- All documentation related to the Crane Operations must be submitted to Risk Management and Legal prior to operation of a Crane on a project site

Crane Operation Requirements:

- All Crane Operators must show a NCCCO Certificate or the equivalent
NCCCO is The National Commission of Crane Operators, which is a voluntary process instituted by this agency in which individuals are recognized for their knowledge and skill in the operation of a crane.

States also have licensing requirements for Crane Operators. State Specific requirements can be found at <https://www.nccco.org/nccco/industry-resources/state-licensing.com>

Currently 16 States and 7 cities have specific licensing requirements for Crane Operators –

- Crane Operators must have a minimum of 3 years' experience with the prior 5-year period
- Annual inspection certification and an independent third party "post" erection inspection (non-hydraulic cranes) must also be performed
- Prior to the use of any Crane, consideration must be given regarding ground stability, below ground utilities, proximity to overhead power lines and other obstructions, lift capacity, swing radius and maximum wind speed operating limits
- Crane procedures must also be developed to address overnight and weekend operation or non-operation, warning lights, and preparedness in the case of pending inclement weather

Responsibility & Authority

1. Project Team / Project Executive - Identify and define the scope of the operation for the Crane, Determine how the contracts will be administered and Who will be responsible for the hire of the Crane operator
2. Project Superintendent: Will need to assume the role of Designated Visual Observer during Crane Operations – all Superintendents should be familiar with the STO Building Group Policy regarding the use and operation of a crane on our project site
3. Business Unit Insurance Coordinator – is responsible for gathering all contractual agreements related to the operation of the crane, obtaining the necessary Certificate of Insurance and all accompanying endorsements
4. Corporate Risk Management & Legal – liaison with the Project team and provide a thorough review of all documents pertaining to the use of a crane PRIOR to commencing any operations