

**New Jersey Department of Transportation
CORRECTIVE ACTION NOTICE**

QUALITY MANAGEMENT SERVICES

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Approved: B. Strizki

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Subject: Risks Assumed by the Contractor - Subsection 107.22 of the Standard Specifications

Bureau(s) Affected: ALL CPM UNITS

Description of Problem(s):

The DAG has advised the Department that Subsection 107.22 of the 1998 Supplemental Specifications to the 1996 Standard Specifications contains contract language, which might become a source of potential problems. Therefore, the language in that particular section shall not be used in future construction contracts.

Corrective Action Plan:

In order to eliminate the potentially problematic contract language, the following shall be deleted:

The 4th and 5th sentence of Subpart 1 "Risks of Loss or Damage..." of Subsection 107.22 which reads: **"The Contractor shall bear the responsibility of seeking insurance reimbursement for this risk of loss or damage. It shall be the Contractor's responsibility to obtain insurance covering the risk describe herein, and the cost of this insurance shall be distributed throughout the bid and not paid as a specific Contract line item."**

To ensure its implementation the responsibility of each Unit shall be as follows:

Quality Assurance Unit/In-house Production Team

Responsible for removing the above-mentioned contract language from the project by means of the Special Provisions prior to the Designer's Plans, Specifications, and Estimates (DPS&E) submission.

Bureau of Contract Administration Services (BCAS)

Responsible for incorporating this provision into projects by addendum for projects where the PS&E submission has been made but bids have yet to be received. The Configuration Management Unit of QMS will prepare the addendum and supply it to BCAS for use on these projects.

Until the Configuration Management Unit of the Bureau of Quality Management Services has made this change to the Standard Specifications via the Standard Input (SI) template, this Corrective Action Notice shall be in effect.

Implementation: Immediately



Superseded