Glossary of
Common Construction Contract Terms

This glossary contains terms and their meanings that frequently are used within the context of contracts and subcontracts in the construction industry. It is intended to be used as a tool by those who review or negotiate contracts and subcontracts, both novices and the more experienced. Of course, a contractor also should always review and understand the terms and definitions in the contract or subcontract for a particular project.


Acceleration Costs: Higher costs experienced due to less time being available than originally scheduled to accomplish the subcontract work.

ACORD: See Association for Cooperative Operations Research and Development.

Addenda: Additions, deletions and changes to the original project documents issued by owners to contractors and subcontractors for bidding and planning purposes.

Additional Insured: Specifically designated party who is entitled, subject to stated limitations, to assert claims against a subcontractor’s liability insurance policies for losses caused by the additional insured’s own acts or omissions.

AGC: See Associated General Contractors of America.

AIA: See American Institute of Architects.

AIA A201: General conditions form revised at 10-year intervals by the American Institute of Architects under the title General Conditions of the Contract for Construction.

AIA A401: Subcontract form revised at 10-year intervals by the American Institute of Architects under the title of Standard Form of Agreement Between the Contractor and Subcontractor.

All Risk Insurance: A form of Builders Risk Insurance covering property losses from any cause unless specifically excluded, unlike “named perils” coverage which only covers property losses from the causes specified in the policy.

Alternate: Optional pieces of work that the customer may elect to have performed or deleted, for an increase or decrease, at the price quoted by a subcontractor for each item as part of its bid.
**American Arbitration Association:** A New York City-based national association that provides administrative services to individuals and organizations that wish to resolve conflicts out of court, such as providing lists of potential mediators or arbitrators, and maintaining procedural rules ensuring orderliness and fairness.

**American Institute of Architects:** A Washington, D.C.-based national association that publishes standard contract documents representing the interests of architects.

**American Subcontractors Association:** A national association based in Alexandria, Va. that represents the interest of construction industry subcontractors, specialty trade contractors and suppliers. ASA endorses the ConsensusDocs family of contract documents and publishes a model subcontractor bid proposal and a model subcontract addendum to be used with a prime contractor's proprietary subcontract.

**Application for Payment:** Billing form prescribed for use by subcontractors in requisitioning for progress and final payment amounts.

**Arbitration:** A final and binding dispute resolution method whereby one or three persons, selected by the disputants, conduct hearings and render a decision.

**ASA:** See *American Subcontractors Association*.

**ASA Subcontract Documents Suite:** A collection of documents published by ASA to help the association’s members negotiate better subcontracts. It includes the “ASA Subcontractor Bid Proposal,” “ASA Wrap-Up Insurance Bid Conditions,” “ASA Subcontract Addendum,” “ASA Wrap-Up Insurance Subcontract Conditions” and “ASA Short-Form Subcontract Addendum.”

**Associated General Contractors of America:** A national association based in Arlington, Va., which represents the interests of general contracting firms. AGC endorses the ConsensusDocs family of contract documents.

**Association for Cooperative Operations Research and Development:** A New York City-based non-profit that develops electronic standards and standardized forms for the insurance and related industries. See *ACORD*.

**Back Charges:** Money withheld by a prime contractor from its payments to a subcontractor to cover services claimed to have been performed, or costs incurred, by the prime contractor relating to the subcontractor’s work. 

**BAFO: Best and final offer.**

**Bid:** An offer to perform a specified unit of work subject to any specified terms, conditions and qualifications. A bid gives the recipient the power to accept the bid, and
thereby create a binding contract. Bids should therefore always specify important terms and conditions that will impact the value of the contract.

**Bid Bond**: Instrument confirming a surety’s commitment to issue performance and payment bonds on behalf of a bidder up to the amount bid. It assures that whoever is named as the bid bond recipient will suffer no loss if the bidder refuses to honor the terms of its bid.

**Bill of Sale**: Document confirming the transfer of ownership of material to another upon payment for that material.

**BIM**: See *Building Information Modeling*.

**Blanket Contractual General Liability Insurance**: A type of insurance coverage that insures any and all contractual indemnity provisions without the need for advance reporting of each such provision to the insurance carrier.

**Bond**: A binding instrument by a surety pledging to make good a financial loss that was suffered due to default by the named contractor or subcontractor. It is subject to the claimant’s compliance with all designated notice, claim and suit requirements.

**Broad Form Indemnity**: A contract clause for *Indemnification* against losses that are related in any way to the contract or the performance of the contract, even if the losses are caused solely by the negligence of the party seeking indemnification.

**Broad Form Property Damage** coverage: An antiquated term for *Completed Operations* coverage.

**Builders Risk Insurance**: Property insurance covering perils such as fire and extended coverage on stored material and work installed. The owner or prime contractor usually provides project-wide coverage, including installed work, and material stored onsite, offsite or in transit.

**Building Information Modeling**: An intelligent 3D model-based process for planning, design, construction and management of buildings and infrastructure.

**CCIP**: See *Wrap-Up Insurance*.

**Certificate of Payment**: A document issued by the project architect recommending to the owner that payment be made for the amount approved for satisfactory performance of work and delivery of material during the period covered by the certificate.
**CG:** A designation of standard form of insurance policy terms and conditions developed by the Insurance Services Office, Inc. (“ISO”) for use with general liability insurance policies, including, for example, the CG 00 01 (standard policy coverage form for commercial general liability insurance), the CG 20 10 (coverage form for naming owners and contractors as additional insureds), and the CG 20 37 (another coverage form for naming owners and contractors as additional insureds).

**CGL Coverage:** Comprehensive general liability insurance protecting against legal liability from bodily injury or property damage claims resulting from jobsite operations, exclusive of injuries to contractor’s employees, damage to its own work and stated policy limitations.

**Change Orders:** Additions or deductions to cover agreed-upon amounts for modifications to the work or time for performance.

**CMAR:** See *Construction Management at Risk*.

**Commercial General Liability:** See *CGL Coverage*.

**Comparative Fault Indemnity:** See *Limited Form Indemnity*.

**Completed Operations Coverage:** Insurance that completed work will not cause bodily injury or property damage after a prime contractor or subcontractor has achieved substantial completion of its work on a project.

**Comprehensive General Liability:** See *CGL Coverage*.

**Conditional Payment Terms:** Subcontract provisions that restrict a subcontractor’s entitlement to payment for work properly performed such as pay-if-paid and pay-when-paid terms.

**Condition Precedent:** A requirement that must be met before a subcontractor is entitled to receive a payment or some other benefit.

**Conduit Clauses:** Wording contained in subcontracts by which a prime contractor’s obligations to the owner and the rights granted by the owner to the prime contractor are made applicable to the subcontractor as well.

**ConsensusDocs:** A diverse coalition, based in Arlington, Va., that publishes standard contract documents for the construction industry. The coalition is comprised of more than 40 associations and professional societies representing owners, design professionals, contractors, subcontractors, suppliers and sureties in the construction industry.
**ConsensusDocs 200**: Form contract and general conditions revised at five-year intervals by ConsensusDocs under the title *Standard Agreement and General Conditions Between Owner and Constructor*.

**ConsensusDocs 750**: Subcontract form revised at five-year intervals by ConsensusDocs under the title *Standard Agreement Between Constructor and Subcontractor*.

**Consequential Damages**: Indirect costs and opportunity costs suffered by one party (“first party”) to a contract because of the breach of the contract by the other party (“second party), and that could not have been anticipated or measured by the second party in advance of entering the contract unless notice of the special circumstances of the first party has been given to the second party, such as extended or increased financing costs, loss of rent, or loss of the use of premises resulting from a contractor’s failure to complete on time or comply with other contract obligations.

**Construction Change Directive**: Owner- or contractor-directed changes that ordinarily allow for billing by a contractor or subcontractor of undisputed additional cost amounts prior to issuance of a formal change order.

**Construction Management Agency**: A project delivery method in which the construction manager is responsible exclusively to the owner and acts in the owner’s best interests throughout each stage of the project.

**Construction Management at Risk**: A project delivery method in which the construction manager contracts to deliver a project with a guaranteed maximum price.

**Construction Manager**: An individual or firm responsible for the overall planning, coordination and control of a project from beginning to completion.

**Contingent Payment Terms**: Subcontract provisions emphasizing that owner payment to the contractor is an absolute prerequisite that must be met before the contractor is legally obligated to make payment to a subcontractor.

**Contract**: Legally binding promises between two or more parties resulting from an offer and acceptance.

**Contractor Controlled Insurance Program**: See *Wrap-Up Insurance*.

**Contractual Insurance**: A component of standard General Liability coverage for liabilities imposed on the named insured by indemnity provisions in a contract or subcontract.
**Contractual Liability Insurance:** See *Contractual Insurance*.

**Contractual Loss Exposure:** Financial responsibility for losses that would not exist in the absence of a contract.

**Construction Insurance:** See *Builders Risk Insurance*.

**Cost-Plus:** A method of billing and payment by which a subcontractor is entitled to reimbursement of its actual costs for labor, material and equipment plus an agreed percentage or fee for overhead and profit.

**Course of Construction Insurance:** See *Builders Risk Insurance*.

**Davis-Bacon Act:** A federal law that requires employers to pay the local prevailing wage to workers on federal construction projects.

**Davis-Bacon Related Acts:** Federal laws that require employers to pay the local prevailing wage to workers on construction projects assisted, in whole or in part, by federal agencies through grants, loans, loan guarantees or insurance.

**Defend:** An obligation to hire attorneys to provide for the legal defense of another person. Insurance companies typically assume an obligation to defend as part of the coverage that they provide to their insured, but subject to the obligations of the insured parties to cooperate with the attorneys selected by the insurer, to allow the insurer to determine the litigation strategy, to allow the insurer to decide when (or if) to settle the case, and the option of the insurer to pay the policy limits rather than defend, or continue to defend, the case. In the context of a contractual indemnity or hold harmless clause, there are typically no limits, and no authority on the part of the party providing defense to control the attorneys or their strategy.

**Design Professional:** Licensed architect or engineer who participates in developing and coordinating plans, specifications and related design functions for a construction project.

**Deductibles:** A form of self-insurance in which a contractor agrees with its insurance carrier to absorb losses on each claim up to a stated amount in exchange for reduced insurance premiums.

**Design-Bid-Build:** The traditional project delivery method in the construction industry in which the owner contracts with separate entities for the design and construction of a project.
**Design-Build**: A project delivery method in which the design and construction services are contracted to a single entity.

**Direct Damages**: Out-of-pocket damages immediately connected with the work, such as the actual owner-incurred cost to finish a partially completed installation, or a contractor’s escalated wage and benefit cost caused by owner delays.

**EJCDC**: See *Engineering Joint Contracts Documents Committee*.

**EMR**: See *Experience Modification Rate*.

**Engineers Joint Contract Documents Committee**: A joint venture of three organizations of professional engineers that publishes standard contract documents representing the interests of engineers.

**Equitable Adjustment**: An adjustment of the price due under a contract, or to the time permitted for performance of a contract, in order to compensate for changes in the circumstances for performance of the contract that were not included among the risks assumed pursuant to the contract by the party entitled to the adjustment, such as a subcontractor’s additional expenses resulting from actions or inactions of its customer that delay the project.

**Errors and Omission Coverage**: Insurance designed to cover the cost of errors and omissions by architects and engineers and others participating in the design aspects of construction projects.

**Excess Liability Insurance**: Coverage for more than the dollar limits of a contractor’s primary insurance policy.

**Exclusion c**: Exclusion from general liability coverage for structural damage from land grading, backfilling, pile driving, shoring, tunneling and similar activities, as well as demolition or rebuilding structural supports.

**Exclusion u**: Exclusion from general liability coverage for underground damage to conduits, pipes, etc., during the use of mechanical equipment to grade, pave, excavate, backfill, pile drive, etc.

**Exclusion x**: Exclusion from general liability coverage for property damage from blasting or certain explosives.

**Exclusions**: Work specified as not required of a subcontractor by the subcontractor’s contract for performance of work.
**Excusable Delays:** Delays resulting from causes for which the contract terms entitle the subcontractor to commensurate extensions of time, additional compensation, or both.

**Experience Modification Rate:** A number used by insurance companies to gauge both past cost of injuries and future chances of risk. The lower a business’s EMR, the lower will be its workers compensation premium.

**Experience Rating:** See *Experience Modification Rate*.

**Extension of Time:** Additional time allowed for completion of a contractor’s work due to delays beyond the contractor’s reasonable control.

**Extras to Contract:** See *Change Orders*.

**FAR:** See *Federal Acquisition Regulation*.

**Federal Acquisition Regulation:** The principal set of rules governing federal government purchases of good and services, including construction. The FAR is codified in Title 48 of the Code of Federal Regulations.

**Field Orders:** Authorizations for the performance of additional work that may later qualify for the issuance of a formal change order.

**Final Payment:** Payment due to a subcontractor upon final completion of the subcontractor’s work in accordance with the contract requirements. Payment made by a check marked as “final payment,” or accompanied by letter indicating that the check is “final payment,” will bind the subcontractor if the check is negotiated, resulting in waiver of any additional claims for payment by the subcontractor.

**Force Majeure:** Events causing delays to work that the parties cannot reasonably anticipate or control, such as fire, strikes, malicious mischief, terrorism, acts of God, etc.

**General Conditions:** A set of written contract terms and conditions dealing with general or “boilerplate” obligations and rights under a contract that are not specific to any particular scope of work.

**General Contract:** See *Prime Contract*.

**GMP:** See *Guaranteed Maximum Price*.

**Guaranteed Maximum Price:** A contract under which the contractor is compensated for actual costs incurred plus a fixed fee subject to a ceiling price.
**Hard Bid:** See *Design-Bid-Build*.

**Hold Harmless:** See *Indemnify*.

**Indemnify:** An obligation of one party to protect the other party against loss or damage that may occur after the agreement is entered and that is related to the rest of the contract or the performance of the contract, including an obligation to repay that other party for demonstrated losses.

**Installation Floater:** Property insurance purchased by a subcontractor to cover specified equipment or materials procured by that subcontractor for incorporation into a project, especially when not covered by owner- or contractor-supplied Builders Risk insurance.

**Instructions to Bidders:** Ground rules applying to the submission of bids on a particular construction project.

**Insurance Certificate:** A document from an insurance carrier, or from an agent for the carrier who is authorized to bind coverage, certifying that coverage exists to the extent stated. The standard ACORD form “certificate of liability insurance” is typically the only form that licensed insurance agents are lawfully permitted to issue as evidence that a subcontractor has general liability, auto liability and/or workers compensation insurance coverage.

**Integrated Project Delivery:** A project delivery method employing a multi-party prime contract agreement rather than the standard method using multiple, two-party agreements.

**Intermediate Form Indemnity:** A contract clause for *Indemnification* that excludes an obligation to indemnify for losses caused solely by the party seeking to be indemnified, but not excluding losses caused only partially (e.g. 99 percent) by the party seeking to be indemnified, or caused entirely by others.

**IPD:** See *Integrated Project Delivery*.

**ISO:** See *Insurance Services Office*.

**JAMS:** See *Judicial Arbitration and Mediation Services*.

**Judicial Arbitration and Mediation Services:** An Irvine, California-based private alternative dispute resolution provider.

**LDs:** See *Liquidated Damages*. 
**Letter of Intent:** A limited form of contract typified by a written authorization to perform only specified, preliminary work (such as engineered shop drawings), in exchange for a binding commitment to pay for only that preliminary work, usually up to a specified, not-to-exceed dollar amount, in anticipation that a later contract for the entire scope of work may be issued at some later time. More expansive agreements, often titled “letters of intent,” may actually bind the parties to perform, and pay for, the entire scope of work, and are not properly “letters of intent” at all. In the construction industry, these more expansive “letters of intent” expose subcontractors to the risk of not receiving final payment until after signing the customer’s contract form without modifications of any kind.

**Liability Insurance:** Coverage for bodily injury and property damage claims made by others, generally distinguished from “property insurance.” Workers compensation insurance, general liability insurance, and auto liability insurance, are all forms of “liability insurance.”

**Lien:** Either a contractor’s or supplier’s security interest in the real property being improved, or a claim on project funds to the extent of moneys owed, subject to notice requirements and the laws of the state in which the project is located.

**Lien Waiver:** A document signed by a contractor or supplier waiving its rights to existing lien law protections. Lien waivers may relate to an entire contract or to only portions of the contractor’s work. Certain lien waivers are invalid in various states.

**Limited Form Indemnity:** A contract clause for *Indemnification* whereby the hold harmless obligation is limited to the extent of the negligence of the party who is obligated.

**Line-Item Release of Retainage:** Payment of retained funds to subcontractors upon satisfactory completion of each work classification, instead of when all of the project work has been completed. See *Retainage*.

**Liquidated Damages:** An agreed dollar amount payable for each day of unexcused delay beyond an established completion date, in lieu of consequential damages.

**Little Miller Acts:** Individual state laws, paralleling the federal Miller Act, that govern the use of surety bonds on public construction projects in each state. See *Miller Act*.

**Longshore and Harbor Workers Insurance:** Insurance for liability under the federal workers compensation law covering workers employed in occupations “along the shore,” including not only harbor workers, ship repairers, shipbuilders and shipbreakers, but also anyone working in, on or above navigable waters who is not a “seaman”
(“seamen” are covered under the federal Jones Act), or working on an adjoining pier, wharf, dry dock, or other adjoining area customarily used for loading, unloading, repairing or building boats. This broad definition often includes construction workers working in areas next to navigable waters. Note that an area may arguably be “customarily used” for loading, unloading, repairing or building vessels even if it is only for that a small percentage of time each year.

**LS & HW:** See *Longshore and Harbor Workers Insurance*.

**Mechanics Lien:** See *Lien*.

**Miller Act:** A federal law governing use of surety performance and payment bonds on federal construction projects.

**Named Insureds:** The entities identified as the primary insured on an insurance policy. Any one of the named insured may be identified as “named insured” on a certificate of insurance.

**Non-Contributory Insurance:** Contractor-supplied insurance. Recipients of the insurance contribute nothing to the contractor's cost of coverage.

**NTE:** Not-to-Exceed Price. See *Guaranteed Maximum Price*.

**NTX:** Not-to-Exceed Price. See *Guaranteed Maximum Price*.

**Occupational Safety and Health Administration:** A federal government agency that administers the law relating to accident prevention and imposes fines and citations for unsafe practices.

**OCP:** See *Owners and Contractors Protective Insurance*.

**One-Way Conduit Clause:** Subcontract wording that holds the subcontractor responsible to the prime contractor for prime contract obligations, without allowing the subcontractor the benefit of prime contract rights.

**OSHA:** See *Occupational Safety and Health Administration*.

**Owners and Contractors Protective Insurance:** A policy covering the named insureds for bodily injury and property damage arising out of the operations of their contractor. The contractor typically buys the policy for their customer(s) in lieu of providing “additional insured” coverage.

**Owner-Contractor Agreement:** See *Prime Contract*. 
Owner-Controlled Insurance Program ("OCIP"): See Wrap-Up Insurance.

P3: See Public-Private Partnership.

Pay-if-Paid: A conditional subcontract payment provision excusing a prime contractor from its obligation to pay the subcontractor if the owner has not, for any reason, paid the prime contractor for the work performed by the subcontractor.

Pay-when-Paid: A subcontract payment provision obligating the prime contractor to pay the subcontractor after, or some specific time period after, the prime contractor has been paid by the owner. Most courts will not treat these clauses as excusing the contractor from its obligation to make payment in the absence of explicit language to that effect (see Pay-if-Paid), and instead find that the contractor must still pay its subcontractor within a reasonable time should the owner fail to pay the prime contractor for properly-performed subcontract work.

Partnering: A teamwork concept involving a spirit of cooperation among the owner, design professional, construction manager, subcontractors and suppliers. The goal is to plan and execute construction work with minimal confrontation through the use of an equitable and speedy dispute resolution system.

Payment Bond: Instrument in which the issuing surety pledges to make payments to subcontractors for moneys owed, but not paid, by a prime contractor, provided that all notice, claim and suit requirements are timely met by a qualified claimant.

Payment Entitlement: The contractual right for a contractor or subcontractor to obtain prompt payment upon satisfactory completion of agreed-upon work and compliance with contract requirements relating to that work.

Perfect: Completion of all legal requirements to establish a valid mechanics lien or surety bond claim.

Performance Bond: Instrument confirming that the issuing surety is obligated to the recipient of the bond for completion of the contract described in the bond up to the dollar amount specified in the bond.

P3: See Public-Private Partnership.

PPP: See Public-Private Partnership.
**Premium Portion of Labor:** Additional cost of overtime labor representing total field labor wage less the amount that would have been paid had the work been performed during regular work hours.

**Primary Insurance:** Policy that pays first in the event of a duplication or overlap in insurance coverage for a particular loss.

**Prime Contract:** An agreement between the owner and prime contractor for the construction of a project. This document may also be referred to as the general contract or the owner-contractor agreement.

**Professional Liability Coverage:** Insurance such as errors and omissions coverage for design and engineering deficiencies.

**Progress Payments:** Periodic payments, usually monthly, made during the course of a construction project to cover the value of work satisfactorily completed and material delivered in each billing cycle.

**Project Manual:** A comprehensive compilation of project-related documents issued by the owner to prospective bidders. It usually contains instructions to bidders, general and special conditions, specifications and similar documents for a prospective construction project.

**Proposal:** See *Bid.*

**Public-Private Partnership:** A construction project for a government entity that is funded and operated through an agreement between the government and one or more private-sector companies.

**Punch List:** An itemized listing of uncompleted and/or unsatisfactory work prepared by the architect or owner representative following substantial completion of a project or a designated portion of that project.

**QBS:** See *Qualified Based Selection.*

**Qualifications-Based Selection:** A procurement process used in the selection of architectural and engineering services whereby design professional firms submit qualifications to an owner which evaluates and selects the most qualified firm(s), followed by a negotiation or a second competition based on scope of work, schedule, budget and fee.

**Railroad Protective Liability:** Insurance to cover the added risks of doing construction work in or near active railroad operations.
REA: See Request for Equitable Adjustment.

Request for Equitable Adjustment: See Equitable Adjustment.

Request for Information: Line of communication for contractors or subcontractors to report discrepancies, unanticipated conditions and unclear plans to the architect for its advice. Owners may require RFIs as a first step in their change-order process.

Retainage: An amount, such as 10 percent of billing that is held from payments to prime contractors and subcontractors, ostensibly to protect against possible overbilling or defective work.

Reserves: Dollar amounts established by insurance companies for the estimated cost of unfinalized injury or damage claims for use in calculating a contractor's experience modification rate.

RFI: See Request for Information.

Schedule of Values: An itemized listing of line items of work representing a breakdown of a subcontractor's selling price into major material and labor categories. This schedule is furnished ordinarily by a subcontractor. Following approval, it is then used to calculate the value of work performed in each billing period.

Scope Requirements: The overall product-related requirements applying to a subcontractor on a project.

SDI: See Subcontractor Default Insurance.

Specifications: A description of the work to be performed by each major trade on a construction project, plus a set of general requirements applying to the work of all trades working on the project.

Subcontract: The agreement between a prime contractor and subcontractor for performance of a designated portion of construction work.

Subcontractor Default Insurance: A first-party insurance policy obtained by a prime contractor that provides coverage for the direct and indirect costs of subcontractor defaults.

SubGuard: A proprietary name for a subcontract default insurance product developed by Zurich North American Insurance Company.
Subrogation: The right to assert a claim against the party responsible for a loss in order to obtain repayment of moneys paid in satisfaction of the claim. For example, where an employer pays a workers compensation claim due to an accident caused by a third party, then the employer succeeds to the same right that the employee had to sue the third party for the injury to the extent of the workers compensation benefits paid.

Substantial Completion: Satisfactory accomplishment of sufficient work by a contractor so that the resultant product can be used for its intended purpose.

Surety: A party that becomes legally liable for the default by the entity whose performance is assured in the bid, performance and payment bonds.

Surety Bond: See Bid Bond, Payment Bond and Performance Bond.

Two-Step Selection: See Qualifications-Based Selection.

Two-Way Conduit Clause: Subcontract wording that allows subcontractors the benefit of prime contract rights, as well as making those subcontractors responsible for prime contract obligations.

Umbrella Liability Insurance: Policies that provide coverage for dollar limits in excess of a contractor's primary general liability insurance.

USL&H: See Longshore and Harbor Workers Insurance.

Waiver: Agreement to forego legal or contractual rights that would otherwise be enforceable or accrue to the benefit of a contractor or subcontractor.

Warranty: Affirmation by a subcontractor that it will remedy, without additional charge, deficiencies in its material and workmanship during an agreed period, such as one year, after installation. This commitment also may be referred to as a guaranty.

Workers Compensation: A legal requirement for employers to compensate employees for any injuries suffered by the employees while acting within the broad scope of their employment, and without regard to fault or negligence.

Wrap-Up Insurance: Coverage obtained directly by an owner or a prime contractor on a project-wide basis, such as workers compensation and general liability insurance, usually in exchange for lower subcontract amounts.

xcu: Exclusions of property damage coverage for work activities identified as x, c and u. See Exclusion c, Exclusion u and Exclusion x.