

Certificates of Insurance and Hold-Harmless Agreements

Lines of Business: General Liability, Professional Liability, Property, Worker's Compensation

Risk Control Strategy/Key Issues: Develop contract protocols reducing potential non-recoverable losses when using outside service providers

Suggested Program Elements:

1. Policy statement issued by top management team should include, but is not limited to, the following items:
 - Assignment of responsibilities to an individual provided with the authority to implement controls to ensure that proper documents are received, kept up to date, and renewed for all outside vendors doing business with the organization
 - Assignment of responsibilities to this individual should be in writing and specific measurement standards of performance identified and communicated to this person
 - Strict policy against deviation should be established. The lack of cooperation from any department personnel should have consequences outlined. These consequences should be communicated to all personnel, and compliance should be part of all management performance reviews
2. Contracts and purchase orders should go through a review process before entered into by the organization. All work performed by an outside firm that involves purchase orders or formal contracts should follow a set procedure established and agreed to by top management. This process should include, but is not limited to, the following:
 - Establish and identify a team to review of all documents that pertain to outside work conducted on the organization's behalf
 - Set parameters of review process and time frame for return of the findings
 - Establish protocol for legal counsel review.
 - Maintain all follow-up and correspondence in a contract file or work order folder.
3. Certificate of Insurance requirement for vendors should be uniform and established as a minimum requirement to do business with the organization. This requirement should be incorporated into the bid specification. A program should be established that includes the following:
 - Timelines for receipt of certificates prior to the inception of the project. (Note: Time frames should be adhered to, or the contractor bidding second if acceptable can meet the organizations requirements should be used.)
 - Name your entity as an additional insured
 - For professional liability coverage, require endorsements to policies for contractual liability coverage and defense and indemnification of your entity and its directors (elected and appointed officials) by the contracting party.
 - Police Certificates of Insurance should require the following to be in force before any activity can proceed:

- Limits of Liability as required by your own internal limit specification
 - Clear descriptions of all coverage and extension endorsements
 - Statements that the policy will stay in-force and that no material change will occur without prior notification to your organization
 - Statements that the term of the policy covers the term of the contract or until the project is completed whichever comes first
- For a self-insured contractor and those with high retention limits, the organization should require a recently audited financial statement to ensure the financial stability of the organization to meet their obligations should a loss occur. The organization's financial officer should review the audited financial statement and any comments should be included in the work file. Any and all questions, as to financial stability of the vendor, based upon this review should be acted upon promptly.
4. Hold Harmless Agreements of Indemnity should only be entered into **once the organization has consulted with your own legal counsel** regarding:
- Whether the proposed hold harmless agreement is allowed in your state's jurisdiction
 - Specific language is required to be enforceable in the applicable jurisdiction.
 - Whether the agreement effectively requires the contractor (and their employees, agents, and subcontractors) to defend and indemnify your entity and its directors (elected and appointed officials) for activities of the contractor (and their employees, agents and subcontractors) associated with performance of the contracted activities.

Program Activities Calendar:

- Review of all contracts before signing
- Seek final approval from local counsel
- Annual review of program and in-force contracts for compliance

Web Site Links:

- Public Risk Management Association
<http://www.primacentral.org/>

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SAMPLE REQUEST FOR CERTIFICATE OF INSURANCE

REQUESTED BY: _____ DEPARTMENT: _____

PLEASE ISSUE A CERTIFICATE OF INSURANCE CONTAINING THE FOLLOWING

INFORMATION: _____

ISSUE TO: _____

EFFECTIVE DATE: _____ EXPIRATION DATE: _____

(NEVER BEYOND POLICY EXPIRATION)

CANCELLATION NOTICE: _____

MINIMUM LIMITS REQUIRED: _____

ADDITIONAL LIMITS AND/OR OTHER SPECIAL CONDITIONS (ONLY WHEN ABSOLUTELY NECESSARY):

REASON FOR CERTIFICATE:

NOTE: THIS CERTIFICATE CANNOT BE PROCESSED UNLESS AN AGREEMENT, CONTRACT, LICENSE OR OTHER DOCUMENT TO SUPPORT THIS REQUEST IS ATTACHED.

SIGNATURE: _____ DATE: _____

RISK MANAGER

RET: OFFICE OF RECORD 3 YR.

FOLLOWING EXPIRATION SUBJECT TO CONTRACT AND GRANT REQUIREMENTS OTHER 1 YR.

FOLLOWING EXPIRATION SUBJECT TO CONTRACT AND GRANT REQUIREMENTS.