

Contractor and Vendor Insurance Requirements

Whether you are a government entity, school or water district, or a private company, you all deal with third party contractors and vendors. Typical examples are building systems repair services, trash removal firms, heating fuel suppliers, landscape/snow removal firms, on-site auto repair services, just to name a few. No firm should be allowed to perform work for you, on or off your premises, until you are protected from their actions.

The first step you must take to protect yourself is requiring that their insurance agent provide you with a Certificate of Insurance (COI). This provides evidence that indicate the firm's various insurance policies, the policy inception/expiration dates, and each policy's limits. Ideally, you would want the same policy limits that you carry. The most common policies are Business Auto Liability, General Liability, and Workers Compensation. You should further request that your entity or company (including any related real estate trusts, etc.) and its officers and directors, be named as Additional Insured (AI's) on the auto and general liability policies.

In the case of professional service firms such as accountants, engineers, and law firms, you would want to also see that they have a Professional Liability, or Errors and Omissions policy. These policies should be endorsed to cover contractual liability as well as defense and indemnification of your entity/business and its officers and directors by the contracting party.

As mentioned above, all policies listed on a COI have an expiration date. In some cases one policy listed on a COI, may have a different expiration date than the others. Once a COI has been received, it is your responsibility to monitor the expiration dates of the policies. Many firms use a calendar or diary system solely for this purpose. Each month a list of vendors and their policy expiration dates during that month appears.

At that point, the individual who is responsible for monitoring the COI's would contact the contractor/vendor directly, and ask about their insurance renewal. Ask if they are still with the same agency that provided last year's COI. If yes, contact the agency directly and advise that you will need their new COI upon the renewal date. If there is a new agent, call, introduce yourself, and email or fax them a list of the required policies, coverage limits, additional insureds and any other pertinent information.

Your insurance agent can assist you with the above processes.

Alteris Insurance Services provides the above program information in order to reduce the risk of insurance loss and claims. The information provided is not intended to include all potential controls or address any insured specifically. Alteris also does not warrant that all loss and/or claims will be avoided if the program information is followed. By providing this information, Alteris in no way intends to relieve the insured of its own duties and obligations, nor is Alteris undertaking, on behalf of or for the benefit of the insured or others, that the insured's property or operations are safe, healthful, or in compliance with any law, rule or regulation. Insureds remain responsible for their own efforts to reduce risks and should consult their own legal counsel for appropriate guidance.