
DESANCTIS INSURANCE AGENCY, INC.

Phone: (781) 935-8480
Fax: (781) 933-5645

36 Cummings Park
Woburn, Massachusetts 01801

To Our Valued Clients:

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Certificates of Insurance

Get them From Subcontractors, and Be Diligent Obtaining Updates.

A Certificate of Insurance is your only evidence that your subcontractor has current coverage. If you don't have evidence of coverage, not only will the cost of that subcontract be charged to your General Liability and Workers' Compensation insurance premium as if it was your own payroll, you also run the risk of impacting your own insurance program from claims that should have been paid by your subcontractor's insurance.

At the time of a claim, the Certificate provides valuable information for claims reporting purposes including the insurance carrier(s), policy term, limits of coverage, the agent providing the coverage, and other pertinent coverage details.

Obtain Certificates of Insurance before the start of every job. Make it a policy, and a contractual requirement, that no subcontractor is allowed on the jobsite until you have received their Certificate of Insurance and it has been checked and verified. Be sure you don't put yourself in the position of possibly waiving your subcontract's insurance requirements by not enforcing its provisions that require a Certificate be provided before work begins. If not already in your subcontract, talk with your attorney about adding a nonwaiver provision stating that failure to enforce the provisions of the contract insurance requirements shall not act as a waiver of the subcontractor's obligation to procure the required insurance.

While the subcontracted work is ongoing, be sure to get updated Insurance Certificates prior to the expiration of any listed policy. Consider getting updates periodically throughout the year and at regular intervals thereafter to support any contractual requirement that you and all subs maintain the required coverage for one or more years after contract completion. This is particularly important for completed operations coverage, and if there was project specific coverage required to be maintained such as Pollution Liability, or higher Umbrella limits. Do not rely on receiving cancellation or nonrenewal notices from the carrier.

In the current harsh economy, upon completion of a job, it would not be unusual for a subcontractor to cut insurance costs by canceling coverage they acquired specifically for that project, such as Pollution Liability, or higher Umbrella limits, if no other job required it. They may forget your contract required such coverage to continue for years after completion. In addition, any coverage could simply be cancelled for non payment of premium. Again, do not rely on receiving cancellation notices from the carrier.

Keep in mind that Claims Made policies and Completed Operations Claims require that such policies be in force at the time the claim is made and the time the completed operation loss occurs, respectively, in order for coverage to apply. For that reason, enforcing contractual requirements for continuation of coverage beyond completion of the project is very important. A subcontractor without adequate coverage leaves you and your insurance company to defend the claims and pay any losses.

It's important to understand the significance of Insurance Certificates and that you have a system in place to be sure they are handled correctly. Be diligent. Don't take chances. Don't jeopardize your reputation, your favorable insurance pricing, and the limits available to you under your own insurance coverage. Get Certificates from your Subs.

Very Truly Yours,

DeSanctis Insurance Agency, Inc.