



## **SUBCONTRACTOR MANAGEMENT RECOMMENDATIONS**

As a business owner, there are many things you do to manage risk. Hiring the best employees available and maintaining a safe work environment are paramount. Purchasing insurance protection is another method of protecting your business.

Do you engage subcontractors? It is important that you manage the business risk those relationships create. Here are a few tips:

### **CERTIFICATES OF INSURANCE**

#### **Required**

In addition to choosing competent subcontractors (one of your legal responsibilities) you can further protect yourself by verifying your subcontractors are adequately insured. Request certificates of insurance from your subcontractors. While not a guarantee that coverage is in effect, a certificate of insurance provides some evidence that the subcontractor is maintaining his/her insurance.

You should require (and the certificate should show) that each subcontractor is maintaining general liability and workers compensation insurance. The subcontractor's general liability limits should be at least \$1,000,000. The higher the limits, the more protection for you. It is also important that each subcontractor carry workers compensation coverage. If this coverage is not carried, the subcontractor's employee may be added to your payroll as if he/she were your employee. You may be responsible for his/her injuries. Either way, your costs increase substantially.

### **ADDITIONAL INSURED ENDORSEMENT**

#### **Highly Recommended**

You should request to be named as an "additional insured" on your subcontractor's general liability policy. You should also request written confirmation that your subcontractor has named you as an additional insured on their general liability policy before the subcontractor is allowed to begin the work.

### **HOLD HARMLESS AGREEMENT**

#### **Recommended**

We recommend that your subcontractor sign a Hold Harmless Agreement in your favor. This document is an agreement that your subcontractor will be responsible for and pay for at least any bodily injury, property damage or other economic loss resulting from the subcontractor's negligence. You may wish to visit [www.AIA.org](http://www.AIA.org) or your trade association for sample contracts. Review all contracts with a competent attorney before they are signed.

**Remember to report all claims as soon as possible.  
Contact us at (508)995-4553**