

## CERTIFICATES OF INSURANCE

1. The information on the certificate shows only what coverage applies as of the date of the certificate. It conveys no rights to any party.
2. Require contractors to provide a renewal certificate at least 15 days prior to expiration if possible. If renewal certificates are not provided timely it could mean a renewal problem where no coverage is in force. A loss is not the way to find out.
3. There should be no confusion on what job a certificate applies to. Cite a contract number and/or a job location and description as a way of tying the insurance to the contracted work. Description blocks should not be left empty.
4. Cancellation notice wording states the insurer will “endeavor to” provide notice. This means they will try. There is no obligation on the insurer to send notice. Only an insurance policy endorsement can create a notice obligation on the insurer, even if the words “endeavor to” are stricken.
5. Being named as an “additional insured” helps insulate the certificate holder from contractor-generated claims. It only affords the protection found in the policy, and additional insured status can only be granted by policy endorsement, not by a notation on the certificate.
6. There should be no special limitation on the additional insured status. For example, restrictions tying the additional insured status only to claims arising out of the sole negligence of the contractor does not confer additional insured status at all.
7. As a rule aggregate limits shown on a certificate are the total limits available to all loss from the operation of the insured during the policy term. This includes any losses from (a) other projects of the named insured, (b) all premises rented or owned, and (c) liability insurance contractually provided to other certificate holders. The limits and coverage extensions required in your contract provisions can make a difference. Ask for liability limits that apply PER PROJECT.

8. The existence of insurance does not guarantee coverage will be available for all contracted services. Two notable areas usually NOT covered are (a) pollution, and (b) breach of contract. Verify.
9. Professional liability losses are usually not immediate. Most construction, architect and engineering and similar losses come to light long after work is completed. Professional liability insurance is generally provided on a “claims made” basis. Claims made policies typically apply **ONLY TO CLAIMS MADE DURING THE POLICY PERIOD**. Having insurance guaranteed today does not guarantee insurance will be there for future losses. Ideally, certificates would be reviewed for years to come. This may be impractical. The best protection is to contract with firms having an established reputation.
10. Be aware that sole proprietors do not have to buy workers’ compensation insurance for themselves. But this does not mean they are prohibited from pursuing you for workers’ compensation benefits—especially where they are clearly under your direction and control.