



3 IMPORTANT RISK CONTROL TECHNIQUES FOR MANAGING CONTRACTORS

Every time a property owner/manager hires an outside contractor for services such as landscaping, snow and ice removal, or pool maintenance, there is the potential for third-party litigation resulting from the contractor's work. Property owners/managers can be held liable for wrongful acts committed by a contractor even though the owner/manager may have no direct fault for the act. There are, however, various risk control techniques that will help an owner/manager recognize and control potential liability exposures.

ADDITIONAL INSURED



Risk management professionals recommend that property owners and managers require outside contractors to add the owner/manager as an additional insured under the contractor's general liability insurance policy. The intent is for the owner/manager to obtain both defense and indemnity coverage under the contractor's CGL policy for potential liability related to the acts or omissions of the contractor.

CERTIFICATE OF INSURANCE



Having a current Certificate of Insurance (COI) on file for every contractor is important. A COI shows that a contractor has the right insurance coverage and limits in place should a liability issue occur. While the COI is not the legal equivalent of an insurance policy, it can be easily obtained.



Require a COI with a minimum limit of \$1 million from each contractor, including your property manager (if not your employee).



Verify that the contractor, and not the property manager, is the named certificate holder (if not your employee).



Create a procedure to monitor and track COIs.

LEGAL COUNSEL REVIEW



Legal counsel can help develop, negotiate, and administer standard contracts with contractors that contain language favoring the property owner/manager. There are several important provisions that counsel should include in a standard contract. From a risk transfer perspective, indemnification, hold harmless, and insurance clauses are three important requirements.

CONCLUSION

This article covers three important risk control techniques. After reviewing potential exposures for your property, you may find that additional risk control techniques are required.

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About Millers Mutual Insurance

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