



Do You Need a Certificate of Insurance?

Hello Friends, my name is Jim Dickenson and I am, proudly, the Risk Management Consultant and Insurance Broker for The Episcopal Diocese of Fort Worth. I want to share some thoughts with you today regarding Certificates of Insurance.

When a contractor works on another person's property, there are risks involved. Contractors can sometimes damage personal property or may even be injured themselves while performing the work. Companies and individuals that hire contractors want to be certain they will not be held liable for injuries, damages or substandard work. For this reason, they should obtain a certificate of insurance from the contractor or service provider.

What Is a Certificate of Insurance?

A certificate of insurance is a standardized document that provides *evidence* of insurance coverage. It will include the kinds of insurance the contractor maintains as well as the liability limits. This certificate also lists the effective dates of the policy. It is important to understand it is NOT *proof* of insurance.

Why Is a Certificate of Insurance Important?

If you hire a contractor or other service provider who causes bodily injury to someone or damage to property, your parish or mission could be held liable for these damages. Even if the terms of the contract with the service provider or contractor clearly states insurance coverage is mandatory, you could be sued. You want to be sure the contractor you hire has appropriate insurance coverage in the event there is an incident that gives rise to a lawsuit so that your financial interests are protected. This is why you must ask for proof of insurance coverage.

When Should You Request a Certificate of Insurance?

Every time your parish or mission hires contractors or other service providers, it is extremely important that you get a certificate of insurance from each one you work with. Even if you trust your contractors – for example, if you have worked with these contractors in the past and knew them to have insurance at the time – you should submit a certificate of insurance request each time you hire them onto a new job. Doing so can prevent a scenario where you inadvertently take on the risks associated with the work your contractors perform.

Taking this important step can cover your risks in several ways:

- It can prevent you from taking on risk if an improperly insured company is responsible for property damage. For example, if a contractor is working on your property and inadvertently damages your neighbor's property or causes bodily injury to someone.
- It will ensure that you are not held responsible for a contractor's medical bills if that contractor is injured while performing work on your property.



- Consider a scenario with an electrical contractor performing work for you. The contractor has completed the work, re-energized the power and left the premises. The work wasn't done properly and a fire ensues. You have insurance on your property, but the contractor should be responsible for the damage caused. Ensuring they have their own insurance is the best way to be sure they have resources or assets to cover the cost of repairs.

What Should I Look for on a Certificate of Insurance Form?

Not all certificates are valid. Contractors may present false or forged information or may allow insurance to lapse after obtaining the certificate of insurance form. You can eliminate many instances of fraud by requesting the business insurance certificate directly from the insurance company or agent instead of getting it through the contractor.

Following are some things to pay close attention to when you receive a certificate of insurance:

- Confirm the name of the insured on the form is an exact match for the name of the person or contractor you are hiring.
- Check the policy coverage dates to ensure they are valid. If the policy is due to expire before the job will be completed, you will need to be sure to get another certificate of insurance at that time.
- Ensure the certificate shows the contractor has, at a minimum, both general liability insurance, to protect against damages, and workers compensation insurance, to protect you in the event their employee is injured on the job.
- Make sure the liability limits held by the contractor meet the minimum liability limits recommended by your Risk Management Committee.
- Ask to be named as an "additional insured" for the duration of the project or contract for which you are hiring the contractor.
- Ask for a waiver of subrogation in your favor from the contractor and his/her insurance carriers.

What Is Certificate of Insurance Tracking?

If you deal with several different contractors, you may want to utilize a certificate of insurance tracking spreadsheet system. The simple spreadsheet will allow you to easily confirm the insurance coverage requested is properly reflected on the certificate and will also allow you to easily monitor the dates of coverage for the contractor. When the policy dates on the certificate expire, simply request and obtain a new certificate of insurance as needed.

Unsure if the Certificate of Insurance is Adequate?

If you've requested and received a certificate of insurance from the contractor, and you're unsure of the adequacy of coverage, or you simply have other questions, don't hesitate to reach out to me or your Diocesan Risk Management Committee.

THANK YOU,



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