



Do You Need a Certificate 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 while performing the work. Companies and individuals that hire contractors want to be certain that they will not be held liable for injuries, damages or substandard work. For this reason, they will frequently request to see a certificate of insurance.

What Is a Certificate of Insurance?

A certificate of insurance form is a standardized document that provides evidence of insurance coverage. It will include the contractor's coverage types and liability limits. This certificate also lists the effective date of the policy.

Why Is a Certificate of Insurance Important?

If you hire a contractor or other service provider who causes bodily injury to someone or a large amount of property damage, your company (or parish/mission) can be held liable for these damages. Even if the terms of your contract with the contractor clearly state that 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 interests are protected. This is why you must ask for proof of insurance coverage.

Who Should Request a Certificate of Insurance?

If your company (or parish/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.

Be sure to ask for a certificate of insurance before allowing contractors to work on your parish or mission property (and even your personal residence, if you have work done on your home, condo or landscaping). Taking this important measure 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 trees, shrubs, lawn, landscaping or home, you will not be held responsible.
- 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.



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 attaining the certificate of insurance form. You can eliminate many instances of fraud by requesting the business insurance certificate directly from the insurance company instead of getting it through the contractor.

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

- Confirm that the name of the insured on the form is an exact match for the name of the person or company you are hiring.
- Check the policy coverage dates to ensure that 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 that the certificate holder has, at a minimum, both general liability insurance, to protect against damages, and workers compensation insurance, to protect you in the event that the worker is badly injured on the job.
- Make sure that 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 party for the duration of the project or contract for which you are hiring the contractor.
- Ask for a waiver of subrogation in our 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 your Diocesan Risk Management Committee and/or your representatives at Frost Insurance.

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