

The Insurance Certificate Is NOT Enough!

**Understanding What is REALLY Required
to Properly Transfer Risk
to Your Contractor**

Presented by Risk Reduction Services, LLC



Presenters:

- **Peter Andersen**

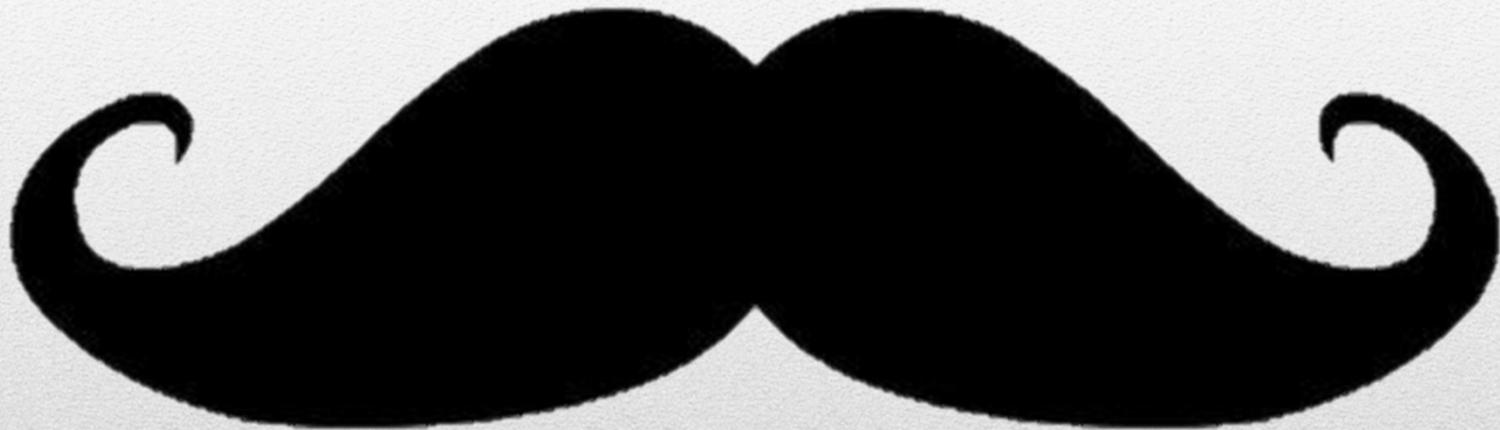
Director, Risk Reduction Services LLC &
Levitt-Fuirst Associates, Ltd.

- **Jason Schiciano**

President, Risk Reduction Services LLC &
Levitt-Fuirst Associates, Ltd.



Movember



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INSURANCE & PROPERTY MANAGEMENT



Audience Make-Up

- Property Managers
- Property Board Members
- Service Contractors / Vendors
- Professional Services
 - Legal
 - Accounting



Insurance and You

- Insurance For Your Property
 - *“Insurance: How Community Assns Protect Themselves”*
 - CAI Press
- Insurance For Your Board
 - *“Insuring Honesty & Integrity”*
 - Cooperator August 2013
- Insurance From Your Contractor
 - *“Escalating Insurance and Your Contractor”*
 - Cooperator August 2013



RISK TRANSFER



Risk Transfer

- What Is It?
- Why Is It Important To You & Your Properties?
- How Do You Get It?





CERTIFICATE OF LIABILITY INSURANCE

DATE (MMDDYYYY)
6/16/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Insurance Agency Agency Address City ST Zip	CONTACT NAME: PHONE: FAX: E-MAIL: ADDRESS:
INSURED ABC Construction 123 Main St Yonkers NY 10704	INSURER(S) AFFORDING COVERAGE INSURER A: New York State INSURER B: The Travelers INSURER C: INSURER D: INSURER E: INSURER F:

COVERAGES CERTIFICATE NUMBER: 105069824 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE	TYPE OF INSURANCE	ADDITIONAL INSURER	POLICY NUMBER	POLICY PERIOD (MMDDYYYY)	POLICY EXPIRES (MMDDYYYY)	LIMITS
1	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PRO- PORT <input type="checkbox"/> SECT <input type="checkbox"/> LOC	X	Your Policy #	6/1/2011	6/3/2012	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$50,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$0,000,000 PRODUCTS - COMPOP AGG \$1,000,000 \$
2	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS		Your Policy #	6/1/2011	6/3/2012	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
3	UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> RETENTIONS \$ <input type="checkbox"/> CLAIMS-MADE		Your Policy #	6/1/2011	6/3/2012	EACH OCCURRENCE \$1,000,000 AGGREGATE \$0,000,000 \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	<input type="checkbox"/> Y <input type="checkbox"/> N	Your Policy #	6/1/2011	6/3/2012	E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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ACORD 25 (201005)

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But Isn't a Certificate Enough?



“Confers No Rights”

ACORD **CERTIFICATE OF LIABILITY INSURANCE** DATE (MM/DD/YYYY) 6/16/2011

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PRODUCER: Insurance Agency, 123 Main St., City ST Zip

INSURED: ABC Construction, 123 Main St., Yonkers NY 10704

COVERAGES: CERTIFICATE NUMBER: 105069924

TYPE OF INSURANCE	ADDITIONAL INSURED	POLICY NUMBER	POLICY PERIOD	LIMITS
GENERAL LIABILITY	X	Your Policy #	6/1/2011	\$1,000,000
COMMERCIAL GENERAL LIABILITY				\$100,000
CLAIMS-MADE <input type="checkbox"/> OCCUR <input type="checkbox"/>				\$5,000
PERSONAL & ADV INJURY				\$1,000,000
AGGREGATE				\$3,000,000



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CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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The Certificate is NOT Enough!

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COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES INDICATED ARE IN FORCE AND THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR ANY OTHER DOCUMENT REFERRED TO HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES.

TYPE OF INSURANCE	DESCRIPTION	START DATE	END DATE	LIMITS
GENERAL LIABILITY	ACCIDENT AND SICKNESS			\$1,000,000
COMMERCIAL GEN. LIABILITY	ACCIDENT AND SICKNESS			\$10,000
CLAIMS-MAINTENANCE	ACCIDENT AND SICKNESS			\$5,000
GEN. AGGREGATE LIMIT				\$2,000,000
EXCESS				\$1,000,000
WORKERS COMPENSATION AND EMPLOYERS LIABILITY				\$1,000,000
EXCESS				\$2,000,000

CERTIFICATE HOLDER **CANCELLATION**

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Risk Transfer Documents

- Contract
- Certificates of Insurance
- Indemnification / Insurance Requirement Agreements



Risk Transfer Documents Include

- **Certificates of Insurance:**
Certificates naming the Property Manager and the Property Owner (Condo/Coop Association, office building owner, etc.) as “Additional Insured” on the Contractor / Service Provider’s insurance policies.
- **Indemnification / Insurance Requirement Agreements:**
Indemnifying and holding-harmless the property manager, the property owner, and the property board of directors from claims resulting from a contractor’s work, and establishing additional insured status.



HOW SUCCESSFUL IS YOUR RISK TRANSFER DOCUMENT ADMINISTRATION?



Are You Currently...



- Collecting Certificates of Insurance and Indemnification Agreements from ALL of your service and construction contractors working at your properties?
- Organizing these documents for easy access in the event of a claim or Workers Compensation audit?
- Obtaining updates of these documents when contractors' policies expire and/or when the contractor begins work at a new location?

Document Management



Things You Should Know:

- All of your Contractor and Service Provider's contact information
- Where they work and what they do
 - Large jobs and capital improvements should include an umbrella policy
 - Auto policies should be required for all vehicle heavy operations, such as fuel oil delivery and landscaping
 - Workers Compensation is required, though exceptions can be made for sole proprietors.

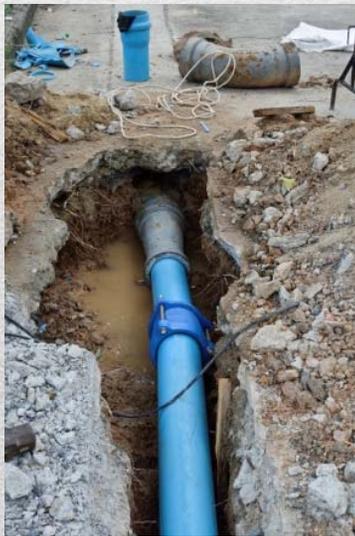
Document Management



You Should Collect

- An Indemnification / Insurance Requirement Agreement from each contractor that works on your property
- A certificate of insurance listing:
 - General Liability (\$1,000,000 / \$2,000,000)
 - Auto (\$1,000,000)
 - Umbrella (if required for large jobs/capital improvements)
 - Workers Compensation

BUT IS IT NECESSARY?



Proactive Approach



When a renewal certificate was not received, the property manager investigated and found his General Liability policy had lapsed. The contractor (whose duties included roofing) decided the insurance had become too expensive, and did not renew the policies.

Although the building board liked the contractor, the proactive Building Manager's appeal to protect the building swayed the board to find another contractor for future work.

Contract? What Contract?



After Sandy hit, a building manager hired an arborist to do emergency tree work. A contract was hand written due to the difficult circumstances.

A claim arose from the work, but the hand written contract could not be found. The certificate stated “Additional Insured designation must be required by written contract or written agreement.” The claim and “duty to defend” were denied by the arborist’s carrier.

Not So Sole Proprietors



A Sole Proprietor hired day laborers to assist in digging ditches in wet conditions. When the hole collapsed, one worker died, another was gravely injured, and the building was sued for hundreds of thousands of dollars.

Sole Proprietors are not required to carry Workers Compensation insurance. If they bring day laborers on site for larger jobs, there is great risk to the building. RRS tracks who is a Sole Proprietor, giving you and your building manager the information necessary to make good risk-reducing decisions.

Roofer's Risk



A roofer fell from a building. When the contractor was shown to not have Workers Compensation, the worker sued the building, generating a \$400,000 General Liability claim. At renewal, the building's premiums nearly doubled.

Knowing that your contractors insurance information is current is essential. With information always at your fingertips, you can make the best possible decisions for you and your clients.

Indemnified?



A Condo Association signed a 5 year, \$80,000/year contract for snow removal of parking lots and sidewalks. The condo did not require the contractor to defend and indemnify them for accidents arising out of their work, and the contract didn't require the contractor to name the condo as an additional insured on their liability policy.

A clubhouse guest slipped and fell on an ice covered ramp that was allegedly untreated. He suffered a serious knee injury and a torn quadriceps tendon, requiring surgery. The condo's insurer now carries a \$175,000 reserve.

Written Contract?



In New York County, a building owner is being sued for a tenant's trip and fall entering an allegedly mis-leveled elevator. A tenant fractured their shoulder and arm, requiring surgery and resulting in \$60,000 in medical bills to date.

The building owner did not have a written contract with the elevator company, however, and their carrier will have no opportunity to tender the defense and indemnity to the elevator company's insurer.

RISK TRANSFER - MAKING IT HAPPEN



Elements Of Success



What Are The Elements of a Successful Comprehensive Risk Transfer Program?

- Document Collection
- Organization / Accessibility
- Monitoring / Updating

Risk Transfer Services

- Internal
 - Paper Tracking
 - Excel / Database Tracking
 - Property Management Software
 - 3rd Party Software Packages
- External
 - Full Service Providers



The Conundrum

The “Risk Transfer Conundrum”

- Time
- Staffing
- Expense



The Conundrum

Can I afford the
Risk of NOT
Doing Risk
Transfer Well???





Protect Your Property by Taking Control of Your
Risk Transfer Documents

Risk Transfer Forms

Leave us your business card to receive a complementary sample risk transfer forms.

- **Indemnification / Hold Harmless agreement**
- **Sample Certificate of Insurance.**



RRS

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