

# Signed, sealed and...delivered?

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Members may encounter a variety of situations where it may be necessary to develop agreements or to permit work or events. Such circumstances could include but not be limited to leases, construction or consulting contracts, vendor, supplier and service agreements as well as permit applications for certain activities. While not all activities create liability exposures, many will create potential risks and should be addressed in your contract via indemnification language and clear insurance requirements. Your agreement should require and spell out the types and amounts of insurance that apply to the specific risks in the scope of work or activities the contractor will perform. It is vital that proof of coverage be provided in writing to document that the insurance complies with all requirements set forth in the contract, agreement or permit application.

Usually Members receive a standardized Certificate of Insurance (COI) on an Acord form; however, it is possible to receive the information in other written formats. The COI provides information in regard to the types of coverage and limits available.

The following are essential elements Members should review to determine whether or not the contract coverage requirements have been met:

1. The named insured and the party you are contracting with or processing a permit or application for should match.
2. Review the types of coverage provided on the COI to confirm they fulfill the coverage requirements of the contract. Commonly required coverage may include but not be limited to Commercial General Liability (CGL), Automobile Liability, Workers Compensation and Professional Liability. Depending on the scope of work, there could be specialty coverage required such as Products/Completed Operations, Pollution or Network Security and Privacy Insurance.
3. The limits of the coverage should meet or exceed the amount stated in the contract requirements either as standalone coverage or through a combination of Umbrella/Excess coverage and the stated limits of CGL and/or Automobile liability coverage. (WCIA recommends contract language to require access to all available coverage limits, over and above what is required by contract or agreement.)
4. The effective dates of policies should be reviewed to ensure that coverage will be in force throughout the duration of the term of the contract. For long, ongoing projects, a system should be developed to monitor when coverage terms are close to expiring so that a new COI can be obtained.
5. If Automobile liability coverage will be required, Members should check to verify that the policy provided will cover any owned, non-owned or hired vehicles.

Along with requiring a copy of the COI, it is critical that Members require an actual copy of the Additional Insured (AI) endorsement be provided, as not all AI endorsements cover all activities. These endorsements should be thoroughly reviewed to determine if they are the correct endorsement for the proposed activity.

WCIA has resources to assist the Members with sample template language for insurance requirements and indemnification clauses. The Liability Resource Manual, Admin. 21 not only provides templates but also contains a sample COI with a legend to assist Members in determining what each field of the COI represents. The Liability Resource Manual is available through the Member Resources page on the WCIA website: <http://www.wciapool.org/member-resources>. As always, the WCIA Risk Management Representatives are happy to assist with reviewing coverage and endorsements to confirm that the insurance requirements in the contract have been met.