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Always request a certificate of insurance from a contractor

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By now you have probably heard this countless times: When you hire a contractor to do a job on your property, you must request a copy of their certificate of insurance. But just what is a certificate of insurance and why do you need one?

A certificate of insurance is a document used to evidence insurance coverage that the contractor has in place at the time the certificate is issued. The certificate contains information on types and limits of coverage, insurance company, policy number, named insured, and the policies' effective periods.

Any time you hire a contractor to do a job on your premises, if you do not obtain a certificate of insurance, you are at risk for providing workers' compensation insurance if they do not carry their own coverage. This is true for General Liability and any resulting property damage claims, too. If you hire someone to do work on your property, and their work causes a personal injury or property damage, it is your insurance that may pay for the injury or damage if the contractor is uninsured or underinsured.

Simply put, the potential cost for not making this request is too great. Any time you hire a contractor to do work on your property, you should always ask for a certificate of insurance. The certificate should verify that the contractor's limits of insurance are equal to or greater than your own limits of insurance. You should also ask to be named as an "additional named insured" on the contractor's liability policy and that this additional insured status is noted on the certificate. Finally, you should remember to request a new certificate of insurance for each engagement with the contractor and also when their policy expires.

You may have heard it countless times, but it bears repeating! Obtaining certificates of insurance is an easy way to protect you from assuming the liabilities of others.

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