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Contractors can cost you more than you bargained for

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Before a contractor (or anyone you hire) performs work for you or steps foot on your premises, they should be required to provide a certificate of insurance showing proper coverage to protect you from their operations. You should also require your own written "Contractor Agreement" that describes the parameters of the job, the contractor's obligations, and insurance policies that you require. Otherwise you may be on the hook for the contractor's liability or more.

The contractor should agree in writing to indemnify (make you whole) and hold you harmless for any injury or damage that may result from their operation. The insurance requirements ensure the proper coverage and that insurance funds will be available to back up the contractor's promise. Without these elements you may be held responsible.

Keep the certificates in a safe place! The certificate of insurance represents that the required insurance is indeed in place. And if you cannot provide valid contractor's certificates to your workers' compensation auditors, you could also be required to pay additional premium to your insurer. Collect contractor's certificates; otherwise you may be taking on more risk than you bargained for.

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