

Protecting Yourself from Legal Liability of Your Subcontractors



The construction industry has made great strides in protecting its employees.

- **Safety and accident programs**
- **Employee orientation and training**
- **Safer work environments**

Yet, contractors and subcontractors shouldn't forget to protect themselves. **Before** you hire a subcontractor, request the following:

- Certificates of insurance
- Hold harmless/
indemnification agreements
- Additional insured endorsements
- Written contracts



Penn National Insurance can protect you against most types of losses, but additional risk management techniques will help round out the protection you need.

Verify coverage with Certificates of Insurance

A Certificate of Insurance provides evidence that the subcontractor has current insurance coverage with adequate liability limits. If your subcontractors don't have insurance, you could be called upon to pay workers' compensation, bodily injury or property damage claims resulting from their work.

Any subcontractor you hire should carry their own workers' compensation, general liability and automobile liability insurance. Make sure your subcontractors have the same liability limits you do and that they're covered for the entire time they'll be working for you. Check periodically with the subcontractor to verify that coverage has not lapsed or been canceled.

If your subcontractors don't carry their own insurance, many states require you to treat the subcontractors as your own employees for insurance purposes, resulting in higher premiums for you.

Increased protection with Hold Harmless Agreements

A Hold Harmless Agreement written in your favor and signed by the subcontractor insures that you will be held harmless from liability arising out of the subcontractor's negligence or negligent performance. It's an indemnity provision written into a contract to provide added protection against loss. Be sure your legal counsel verifies that the contract offers the desired level of protection for you.

Cover your business with Additional Insured endorsement

Require your subcontractors to name you as an "Additional Insured" on their primary commercial general liability policy.

Additional Insured endorsements — one for ongoing operations and one for completed operations — can be added to provide additional insured coverage to any person or organization for whom the Named Insured is required to name as an additional insured in a written contract or agreement. Require coverage that is primary and noncontributory over any other insurance in which the additional insured is a Named Insured.

Protecting your business with loss control techniques.

Along with the insurance protection we provide, Penn National Insurance offers you valuable loss control services that can save you money. Your insurance can protect you against most types of losses. But you can round out your protection by taking advantage of our loss prevention services.

You can also access safety and other loss control information on our website by registering in our Online Insurance Center.

Questions?

If you have any questions on these and other risk management techniques, contact your independent agent.

Insurance Agency

123 Maple Street • Anytown, USA 12345
(123) 456-7890



PENN NATIONAL
INSURANCE

Feel Secure®

www.PennNationalInsurance.com