

**Editorial Contact:** Richard Hahn (716-372-2443)

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## **Insurance With Assurance**

### **Importance of Checking Certificates of Insurance from Sub-Contractors**

*by Rick Janis*

#### **Why is it important to have a Certificates of Insurance from sub-contractors?**

From time to time in any line of work - including alarm installations – using a sub-contractor is necessary. At other times, you may be the one hired as a sub-contractor for a job. Either way, you want to be protected.

That's why it is always essential that you request and maintain Certificates of Insurance from any sub-contractors that you hire. Most likely, when you are hired as a sub-contractor, you will be asked for your own certificate.

Certificates of Insurance are important because they are proof of insurance coverage. The certificate should show the insurance companies for all coverages. At the very least, the certificate should show the General Liability Company and the Workers Compensation Company. In addition, the certificate should include the policy number, the limits of liability, the effective date of the policy as well as the expiration date.

Having this information is important and serves a number of purposes.

First and foremost, having the certificate and the information will make it easier for you and your insurance carrier to quickly determine liability in case of a claim. Often, when both you and a sub-contractor have worked at the same site, determining who is at fault after a claim is filed can be a little bit tricky. If your insurance company knows the policy number and the name of the sub-contractor's insurance company, then they can contact that company and promptly resolve any dispute. This will keep your customers (who right now are also claimants) happy since the problem is quickly taken care of and resolved.

Also, having proof of insurance for a sub-contractor will prevent your Workers Compensation Carrier from charging you an additional premium for a person on your payroll that is not truly your employee. By law, your insurance company is required to charge you a specific rate against any payroll you incur. If you can show proof to them that the sub-contractor's policy covered the sub-contractor's work, and he or she was not an employee, then your workers compensation company cannot charge you for the additional premium.

Finally, having this proof can assure you that you are dealing with a sub-contractor who has experience and has met the Underwriting Guidelines for insurance companies. This

means that the sub-contractor's past work and experience has proven them to be worthy of insurance coverage.

Certificates of Insurance are not hard to obtain and are normally issued by the company's insurance agent on a regular basis at no charge. If you are working as a sub-contractor, your own insurance agent will usually provide them for you.

As easy as they are to obtain, there may be times that your sub-contractor complains or balks about providing them. Those are the times that you might think about hiring another sub-contractor. Why take chances? On the other hand, with a proper Certificate of Insurance in hand you can rest assured that claims will be properly covered.

*Rick Janis is a Certified Insurance Counselor and president of the Alarm Insurance Agency. With over 7 years of experience in the security industry, he has been responsible for developing and managing comprehensive insurance and bonding programs for alarm dealers and monitoring companies. Rick is CEU certified by NBFAA and teaches CEU courses to the alarm industry on General Liability/Errors and Omissions and Worker's Compensation. He can be reached at 800-474-0933 or by fax at 800-240-0631. You may also e-mail him at [rjanis@alarmins.com](mailto:rjanis@alarmins.com).*