

OUTSIDE CONTRACTORS

Does your church occasionally use contractors to perform construction, repair, renovation or demolition?

Hazard Example(s):

- A 29-year-old contractor fell from scaffolding during renovation work at a New York City synagogue, resulting in two fractured ankles, multiple surgeries, and permanent disability. The synagogue had a contract with the general contractor for the work, but the contract did not protect the synagogue. As a result, the synagogue was liable for the worker's injuries. The total amount of the loss was \$660,000.

When workers from another organization come on the premises of your church to perform work, be sure to take the necessary steps to protect your organization or you are at the mercy of the contractor. If they have not, for example, obtained adequate liability or workers' compensation insurance, depending upon your state, your church can be held liable for injuries to these workers even if you were not at fault.

Recommendation(s):

To protect your congregation when you hire a contractor for construction, repair, renovation, or demolition work, consider the following steps:

- Make sure that the contract is in writing and includes an indemnification clause in which the contractor agrees to hold your organization harmless in the event there is injury or damage stemming from their performance of the contract.
- Make sure that the contract includes a clause in which the contractor agrees to name your organization as an additional insured on their insurance policies.
- Follow through to have them provide you with proof that they have done this in the form of a "certificate of insurance" showing that your church or synagogue has been named as an additional insured in their policy.

Tasks:

1. Contractors Certificates of insurance policy

Develop and implement a written policy regarding the church's procedures on obtaining certificates of insurance, hold harmless agreements and/or additional insured provisions when hiring contractors to perform construction, repair, renovation or demolition.

2. Contractors Certificates of insurance policy training

Train all employees and/or volunteers whose jobs are impacted by the procedures outlined in your church's policy on obtaining certificates of insurance, hold harmless agreements and/or additional insured provisions when hiring contractors to perform construction, repair, renovation or demolition.

Are additional insured's or other named insured's needed for insurance purposes?

Certificate of Insurance

A certificate of insurance is a single sheet of paper which explains what insurance coverage(s) the insured has in place at the time the certificate was issued. This document provides no coverage to the certificate holder and rarely guarantees that the certificate holder will be notified if there is a policy cancellation.

Hold Harmless Agreement

A hold harmless agreement is a contract provision that transfers liability from one party to another; an agreement that one party will assume the other's liability arising under or because of the contract.

Additional Insured

An individual or entity that is not automatically included as an insured under the policy of another, but for whom the named insured's policy provides a certain degree of protection is called an additional insured. An endorsement is typically required to affect additional insured status. The named insured's impetus for providing additional insured status to others may be a desire to protect the other party because of a close relationship with that party (e.g., employees or members of an insured club) or to comply with a contractual agreement requiring the named insured to do so (e.g., customers or owners of property leased by the named insured).

Recommendation(s):

Additional Insured Provision and its impact:

- If you agree to name another person as an additional insured, claims made against that person will be covered by your insurance policy, as if the additional insured had purchased the insurance and paid the premium.
- If you designate someone as an additional insured, your insurance carrier becomes liable for claims against the additional insured according to the terms of the additional-insured endorsement. Depending on an endorsement's language, an additional insured could turn to your insurance carrier for coverage even if you did not cause a claim or loss sustained by the additional insured. (This could apply even if a loss were caused by the additional insured.) In addition, naming another person as an additional insured can negate a carefully prescribed or negotiated contractual indemnification clause that limits a claim or loss to your negligence.
- Because of the ramifications of naming others as additional insured's, whenever you are asked to sign a contract, try to eliminate the additional insured provision. Instead, provide a Certificate of Insurance, which proves you have the insurance coverage required by a contract, and name the requestor as the certificate holder.

Tasks:**1. Additional insured policy**

Develop and implement a written policy regarding the church's procedures on when to name another person or organization as an additional insured.

2. Additional insured policy training

Train all employees and/or volunteers whose jobs are impacted by the procedures outlined in your church's policy on when to name another person or organization as an additional insured.