

WHAT OWNERS NEED TO KNOW WHEN HIRING A CONTRACTOR

TWO EASY STEPS



STEP 1: In order for owners to protect themselves and the association, all contractors hired by an owner should sign either a contract or an alterations agreement that includes the verbiage that the contractor is required to name the owner, the association, and the property manager as additional insured and should hold them harmless.

Contractor is required and agrees to name _____
(Name of Owner) _____, and
(Name of Co-op/Condo) _____

(Name of Property Management Firm)

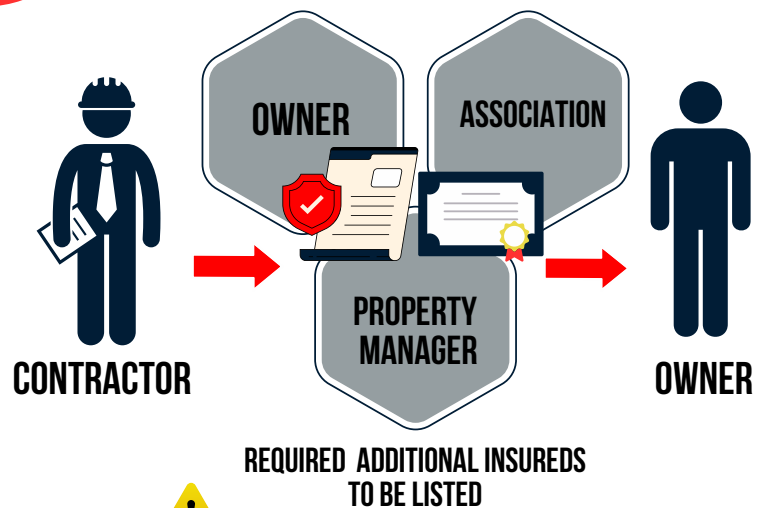
as Additional Insureds on their General Liability policy. In addition, contractor agrees to hold all parties named above harmless. To the fullest extent permitted by law, Contractor agrees to indemnify, defend and hold harmless the owner, Co-op/Condo and/or Managing Agent from any and all claims, suits, damages, liabilities, professional fees including attorneys' fees, costs, court costs, expenses and disbursements related to death, personal injuries or property damage (including loss of use thereof) arising out of or in connection with the performance of the work of the Contractor, its agents, servants, subcontractors or employees, at premises owned by the Owner and/or Co-op/Condo. This agreement to indemnify specifically contemplates (1) full indemnity in the event of liability imposed against the owner, Co-op/Condo and/or Managing Agent without negligence and solely by reason of statute, operation of law, or otherwise, and (2) partial indemnity in the event of any actual negligence on the part of the Owner, Co-op/Condo and/or Managing Agent causing or contributing to the underlying claim, in which event, indemnification will be limited to any liability imposed over and above that percentage attributable to actual fault, whether by statute, by operation of law, or otherwise.

Contractor Signature: _____ Date: _____

EXAMPLE

STEP 2: In addition, the contractor after signing and acknowledging the above should submit a certificate of insurance naming those same three parties as additional insureds.

Being a certificate holder is not acceptable. A certificate holder does not give any rights to the policy, so there must be terminology on the certificate of insurance indicating that the above three parties are named as the additional insureds.



IMPORTANT

A Certificate of Insurance with nothing signed by the contractor acknowledging they are required to name those parties as additional insured may be useless due to many contractor's policies having Additional Insured endorsements that will only provide coverage when required in a written contract. Obtaining a certificate is great, but without a contract or something in writing requiring Additional Insured status, it is likely that the endorsement will not provide coverage. Thus, the owner, association, and property manager will not be provided coverage even though the certificate indicates such.