



LEVITT-FUIRST
ASSOCIATES,
LTD.

A NEWSLETTER FOR THE CONSTRUCTION INDUSTRY

Insurance for the Construction Industry

ISSUE No. 2 SPRING 2000

Dear Contractor:

We have dedicated this entire issue to the contentious topic of THE INSURANCE CERTIFICATE. This one piece of paper has evolved into one of the most critical aspects by which contractors can control their own insurance costs over time. By making sure your subcontractors have the correct insurance coverages and indemnifications, you will protect yourself from adverse claims experience and avoidable audit bills.

If there is one thing you should take away from this issue, it is that no matter how small the job or how small the subcontractor you must get the correct paperwork from every subcontractor!

As always, should you have any questions about this or any other insurance topic, please contact our office.

Ken Fuirst, MBA, CLU
Levitt-Fuirst

This issue has been
sponsored by

CGU

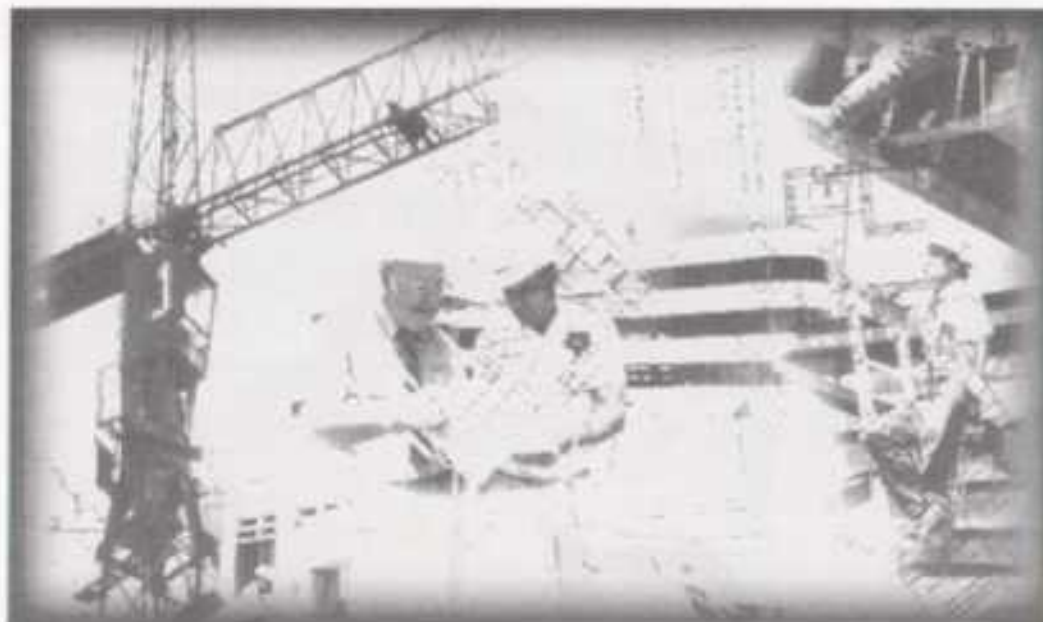
a leading insurance carrier
for the construction industry.

CERTIFICATE REQUIREMENTS FROM SUBCONTRACTORS

It is your responsibility to institute a system in your office in which you do not allow any subcontractor to start work without providing you with the correct insurance certificate. You should also have a follow-up procedure in place that prevents you from issuing any payments to the sub unless all insurance requirements are met.

1. GENERAL REQUIREMENTS

- a. Check the effective dates of each sub's policy to make sure it covers the time period of when the work will be done. For insurance audit purposes, it should extend until your last payment is made to the subcontractor.
- b. Always get an original certificate, not a fax, from subcontractors with whom you are not familiar. We have caught subs altering their certificates after their insurance has been cancelled. You cannot easily detect these forgeries from a fax.
- c. On long jobs, get a new certificate before you release final payment. The sub's insurance might have lapsed during the job, and you might not have been notified.



CERTIFICATE REQUIREMENTS FROM SUBCONTRACTORS *continued*

2. WORKERS COMPENSATION

You must get a Workers Compensation certificate from every subcontractor. Most insurance companies have stopped accepting "affidavits" from sole proprietors.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY	1234567
OTHER	

3. GENERAL LIABILITY

- The minimum amount of coverage you should accept is \$1 million per occurrence.
- If the certificate shows \$1 million per occurrence and \$2 million aggregate, then maximum coverage is \$1 million per accident and \$2 million in claims over the policy year.

	LIMITS
01 EACH OCCURRENCE	\$1,000,000
01 FIRE DAMAGE (by and from)	\$50,000
01 MED EXP (by and from)	\$5,000
01 PERSONAL & ADV INJURY	\$1,000,000
01 GENERAL AGGREGATE	\$2,000,000
01 PRODUCTS, COMPOR AGG	\$1,000,000
01 COMBINED SINGLE LIMIT (Excludes)	\$1,000,000

4. UMBRELLA/EXCESS LIABILITY

It is in your best interests to require more protection from your subcontractors than the \$1 million per occurrence limit. Many owners are now requiring \$5 to \$10 million umbrellas.

1/01/00	01/01/01	EACH OCCURRENCE	\$2,000,000
		AGGREGATE	\$2,000,000
			\$
			\$
			\$

ACORD CERTIFICATE OF LIABILITY

PRODUCER
Levitt-Fuirst Assoc. Ltd.
1 Executive Boulevard
Yonkers NY 10701
Phone: 914-376-2200 Fax: 914-376-2891

INSURED
SUBCONTRACTOR

COVERAGES
THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO POLICIES AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE OF INSURANCE	POLICY NUMBER	POLICY DATE (MM/DD)
GENERAL LIABILITY A X COMMERCIAL GENERAL LIABILITY	1234567	01/01/00
CLAIMS MADE X OCCUR		
GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PROJECT LOC		
AUTOMOBILE LIABILITY A X ANY AUTO X ALL OWNED AUTOS X SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS	1234567	
GARAGE LIABILITY ANY AUTO		
EXCESS LIABILITY A X OCCUR	1234567	
DEDUCTIBLE \$10000		
RETENTION \$		
B WORKERS COMPENSATION AND EMPLOYERS LIABILITY	1234567	
OTHER DBL1234567		
C NYS DISABILITY		
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT (YOUR NAME) IS INCLUDED ALL LOCATIONS PRIMARY BASIS WITH RESPECT TO WORK PERFORMED		
CERTIFICATE HOLDER	X ADDITIONAL INSURED, INSURER LETTER	
YOUR NAME & ADDRESS		

ACORD 25-S (7/97)

INSURANCE ID BB
FILE - 1

DATE (MM/DD/YY)
02/09/00

CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURANCE COMPANY
STATE INSURANCE FUND
FIRST REHABILITATION

EFFECTIVE DATE (MM/DD/YY) | POLICY EXPIRATION DATE (MM/DD/YY) | LIMITS

01/01/00	01/01/01	EACH OCCURRENCE	\$ 1,000,000
		FIRE DAMAGE (Any one fire)	\$ 50,000
		MED EXP (Any one person)	\$ 5,000
		PERSONAL & ADV INJURY	\$ 1,000,000
		GENERAL AGGREGATE	\$ 2,000,000
		PRODUCTS - COM/PROP AGG	\$ 1,000,000
		COMBINED SINGLE LIMIT (EA accident)	\$ 1,000,000
		BODILY INJURY (Per person)	\$
		BODILY INJURY (Per accident)	\$
		PROPERTY DAMAGE (Per accident)	\$
		AUTO ONLY - EA ACCIDENT	\$
		OTHER THAN AUTO ONLY	EA ACC \$ AGG \$
		EACH OCCURRENCE	\$ 2,000,000
		AGGREGATE	\$ 2,000,000
		WC STATUTORY LIMITS	OTHER
		E.L. EACH ACCIDENT	\$
		E.L. DISEASE - EA EMPLOYEE	\$
		E.L. DISEASE - POLICY LIMIT	\$
01/01/00	01/01/01		NYS STATUTORY

ENDORSEMENT/SPECIAL PROVISIONS

3 AS ADDITIONAL INSURED ON A BASIS WITH RESPECT TO WORK PERFORMED BY (SUBCONTRACTOR'S NAME)

5

CANCELLATION

LETTER SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL _____ DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

and will

©ACORD CORPORATION 1988

5. ADDITIONAL INSUREDS

You should always be listed as additional insured on the certificate. In most cases, this is not an additional cost to the subcontractor.

By being additionally insured, the subcontractor's insurance company is agreeing to defend you in lawsuits involving you and your subcontractor. Most important, for the hold-harmless clause to be effective, you must be listed as additional insured.

ABILITY

02/09/00 02/09/00

OPERATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

3 (YOUR NAME) IS INCLUDED AS ADDITIONAL INSURED ON BASIS WITH RESPECT TO WORK PERFORMED BY (SUBCONTRACTOR'S

6. HOLD-HARMLESS CLAUSE

Probably the most important method of indemnifying you from lawsuits at job sites is to have a Hold Harmless Agreement with every subcontractor. By doing this, you are having your sub take responsibility for any claims at the job that involve the subcontractor's work. Obviously, as General Contractor, you are ultimately responsible for the job. The Hold Harmless Contract, however, helps prevent the subcontractor from pushing the claim onto you.

A Hold Harmless Clause on the back of a certificate is not sufficient. You need a signed contract with the subcontractor. The following is an example of a simple agreement you should have the sub sign:

"The subcontractor shall indemnify and hold harmless to the fullest extent permitted by law, [Your Company Name], our employees, our officers, and owner against any claims, damages, losses, and expenses, including legal fees, arising out of or resulting from performance of subcontracted work by the subcontractor or anyone directly or indirectly employed by the subcontractor."

Signed,
[Subcontractor]

SERVICES



LEVITT-FUIRST ASSOCIATES, LTD.

ONE EXECUTIVE BOULEVARD
YONKERS, NY 10701

Tel: (914) 376-2200

Fax: (914) 376-2891

E-mail: info@levittfuirst.com

THE FACTS ABOUT INSURANCE CERTIFICATES