



Certificates of Insurance (COI)

*General contractors and building owners are looking for a Certificate of Insurance (COI) from you... Your insurance company asks you to get COI from subcontractors, vendors, fabricators, designers... **Ever Wonder Why?***

What is a COI

A Certificate of Insurance is a document issued by an insurance company which evidences that insurance coverage exists. The COI provides information such as insurer, insurance agency, insured, types of insurance, policy numbers, effective dates, limits, certificate holder, cancellation procedure, special provisions, e.g., additional insured, and the name of the representative authorizing the policy.

Why Obtain COI

Obtaining COI is a way of managing liability arising out of the work of others. If the other party is not properly insured, their liabilities can become your liabilities. The COI serves as evidence that another party can satisfy various obligations, such as the obligations of liability losses the other party has assumed under your contract or those damages that they caused through their actions.

How to Monitor

A formal program should be in place to obtain and review evidence of proper insurance and endorsements. COI should always be obtained before work begins. Because COI are dated, the program must include a reminder system to request and obtain updated certificates before insurance policy expiration.

Ideally, a single individual or department should be assigned the responsibility of verifying insurance requirements and qualifications of outside parties. Each certificate must be reviewed and compared to the contract requirements.

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Minimum specified limits must also be ensured for each certificate. Certificate limits should be equal to or greater than the limits you carry on your own liability policy (\$1,000,000/\$2,000,000 as a minimum). For specialists, such as professional designers, both general liability and professional liability should be stated.

Additional Insured Status

Being named as an additional insured on another party's policy affords you coverage, including defense, should a claim or lawsuit be filed based on the actions of the other party. It is important to be named as an additional insured on policies where the exposure for loss is high, such as subcontractors and fabricators.

If at all possible, get additional insured status for completed operations, as well as for the standard ongoing operations.

Record Retention

Individual needs will typically dictate the length of time records are maintained. One consideration should be the statute of repose for your state. As a benchmark, RelMark Program Managers recommends records be retained a minimum of ten years. COI can be stored in a separate file, in completed job files, or scanned and stored electronically.

Conclusion

Purchasing insurance is a necessary step to protecting your company from insurable loss. The process does not stop there. It is also critical to ensure that others you do business with have adequate insurance. ***If not, their loss may become your loss.*** You can be held responsible for the liabilities of uninsured or underinsured subcontractors, vendors, fabricators, designers, etc.

- Know who you are doing business with by obtaining Certificates of Insurance from all parties.
- Review all certificates for coverage, limits, endorsements and additional insured status.
- Track expiration dates of certificates and request new certificates each policy year.
- Maintain past certificates for at least 10 years.

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