

# SUBCONTRACTOR LIABILITY

Subcontracting can introduce significant liability exposure to your business. If a subcontractor performs work improperly and a loss occurs, you and your insurer may have to pay for the loss. For this reason, you should always request a certificate of insurance from every subcontractor you hire.

## Certificate of Insurance

Many different types of businesses use a **certificate of insurance** to confirm coverage. It contains the insurance details of the policyholder. Request a certificate of insurance from each subcontractor, detailing their liability insurance coverage. Ensure you receive necessary documentation prior to each project or on an annual basis for subcontractors who regularly work for you.

Insured or not, a subcontractor can cost you your business, reputation or both.

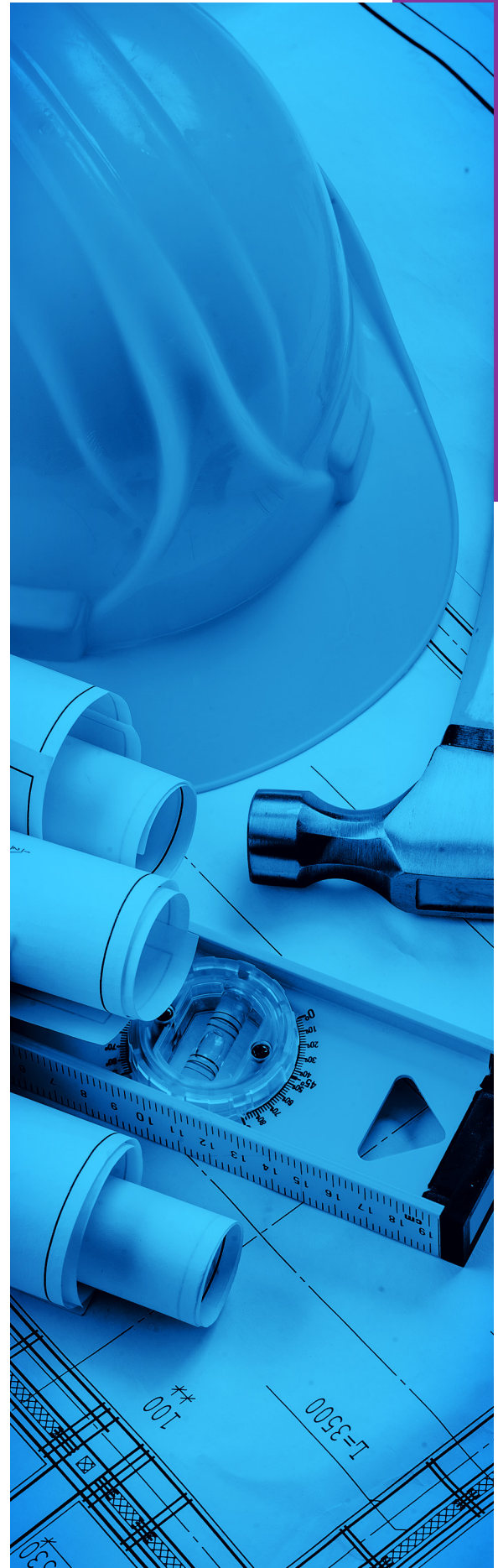
## Why?

- If the subcontractor has no insurance - you may be liable.
- If the subcontractor has insufficient insurance – you may be liable.
- If your insurance company has to pay because of a subcontractor:
  - Your loss history is impacted.
  - Your premiums may increase.
  - Your deductibles may increase.
  - Your ability to get insurance may be affected.

Don't let the subcontractor pass off the cost of improper work on to you by ensuring the subcontractor has proper insurance.

**See the following page for a checklist that may help you keep track of your subcontractors and their documentation.**

For more information on making your premises safer, contact our Risk Services team at **1.833.692.4112** or visit **[www.federated.ca](http://www.federated.ca)**.



# RISK INSIGHT

# SUBCONTRACTOR CHECKLIST

## Job details

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Subcontractor

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Job

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Date

### Coverage

Did you receive a certificate of insurance received from the subcontractor?

YES

NO

### Work history

Have you identified at least three similar jobs this subcontractor has recently completed?

YES

NO

Have you verified the quality and timeliness of this subcontractor's work with owners and general contractors?

YES

NO

Do you feel that the subcontractor's employees can adequately perform the work?

YES

NO

Documentation

YES

NO

### Claims history – insurance & protection

Does the subcontractor carry adequate liability insurance coverage?

YES

NO

Have you reviewed the subcontractor's claims history for the past three years as an indicator of workmanship?

YES

NO

### Financial stability

Have you verified the subcontractor's bonding line of credit (if applicable)?

YES

NO

Have you requested a Dun & Bradstreet, Equifax or other independent financial report on the subcontractor?

YES

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### Notes

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