



General Liability Certificates Of Insurance Understanding the Basics

With the recent release of a newly updated ACORD25S 2009/09 form for certificates of insurance, Hall & Company would like to provide A/E firms with some basic information to consider when using certificates of insurance to fulfill contractual agreements. This worksheet of Frequently Asked Questions for General Liability insurance is designed to communicate what is provided by our model policies issued through Travelers and The Hartford insurance companies. Requirements for other carriers will differ; please consult your insurance broker for more information.

Q: What is a Certificate of Insurance?

A: Certificates of insurance are issued merely as evidence of your insurance policy. Certificates are not issued automatically when a policy is purchased or renewed. They are issued by your insurance agency at your request. The need for a certificate typically is generated by a client or project owner, who wants documentation that certain insurance requirements are being met by consultants who are working for them or on their behalf.

The certificate illustrates the coverage types, limit and deductible amounts, and effective and retroactive dates of pertinent insurance policies. It is issued for informational purposes only and assigns no rights to the certificate holder. The certificate does not amend, extend or alter coverage and does not constitute a contract.

Q: Can the General Liability Policy be amended to meet specific contract requirements?

A: Our model policies are specifically designed for A/E professionals and as such, automatically include the most common amendments required by contract. Built directly into the policy language, the amendments are provided on a "blanket basis" and are engaged when required by written contract.

- **Additional Insured**

This is an agreement to name a third party as an insured under your insurance contract. With this endorsement, the insurance company agrees to provide coverage for defense and indemnity if a claim is made against that third party with respect to premises you rent, or work that you do on their behalf, among other types of contractual relationships. The blanket additional insured wording on our model policies provides additional insured status automatically when required by written contract. Some certificate holders will request to be "specifically" named as an additional insured. This serves the same purpose but specifically lists the additional insured's name on the endorsement. There is a modest charge for this endorsement to be added to our model policies.

- **Primary and Non-contributory Additional Insured status**

When a person or organization is added as an additional insured to the General Liability Policy of another, that person/organization then has two potential General Liability policies in place. The Primary and Non-Contributory wording clarifies the order in which each of these two policies will respond in the event of a claim. When you have contractually agreed to grant Primary and Non-Contributory status to an additional insured; they will have primary coverage under your policy and your insurance company agrees that the other policy will not be expected to contribute until the "primary" policy limits have been exhausted.

• **Waiver of Subrogation**

When this is included as part of the policy, the waiver of subrogation clause provides further clarification that the General Liability insurance company will waive their right to subrogate a claim. This means the insurance company will not attempt to get reimbursement from another responsible party, such as the additional insured, for defense and indemnity expenses that it has paid. Waiver of Subrogation only responds when it has been contractually agreed upon prior to a loss.

Q: What are the provisions of the Cancellation Clause?

A: The ACORD25S 2009/09 which is the most recent version of the Certificate of Insurance states the following "Should any of the above-described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions."

That noted, each state has its own specific regulatory provisions regarding the reasons a policy can be cancelled, and what length of notice is required. Most commonly, the length of notice is 10 days for non-payment of premium. Any other reason, such as material change in operations of an insured, or non-compliance with insurance company requests/requirements, usually requires longer notice periods. Carriers generally WILL NOT broaden the regulatory notice provisions. Any exceptions must be specifically approved by underwriters and the policy endorsed accordingly.

Altering any wording on the Certificate will not alter the insurance company's obligation under the policy.

Furthermore, the "will endeavor" to mail notice of cancellation to certificate holders has been eliminated as it is not specifically supported by policy wording.

Q: Does my policy have a Cross Liability Exclusion or Separation of Insureds Language?

A: There is no cross-liability exclusion in our model policies that would prevent an insured versus insured claims scenario. To the contrary, our model policies include a Separation of Insureds provision that states each insured under the policy (named insured's and additional insured's) will be treated

separately and individually. This is commonly referred to as Severability of Interest. Essentially, with separation language in place and cross-liability absent, the policy is applied to every insured in the same manner as if separate policies had been issued except with respect to limits.

Q: Does my policy have an X, C, U exclusion?

A: These exclusions, which stand for Explosion, Collapse, and Underground are NOT standard exclusions in the current General Liability contract. As such, the standard contract for our model policies does provide X,C,U coverage.

Q: Does the Additional Insured Endorsement include Completed Operations?

A: Our model policies include completed operations. This means that completed operations coverage is in place AFTER completion of the work, but only for claims that occur during the covered policy period.

Q: Are there amendments to Workers Compensation Coverage?

A: Additional insured and Waiver of Subrogation, as described below, are the most commonly-requested amendments for Workers Compensation policies.

- **Additional Insured** – these are not approved with our existing carriers, because this would indicate that you are agreeing to cover other entities employees on your workers compensation policy.
- **Waiver of Subrogation** – these can be honored on either a blanket basis or a specific basis. There are additional premium fees associated with this and the coverage must be approved by the insurance company. (Waivers are not permitted in all states).

Q: Are there amendments to Auto Coverage?

A: Additional Insured Status and Waivers of Subrogation are generally included on a blanket basis via an auto enhancement endorsement which is standard for our model policies.

This worksheet is intended for general information purposes only and is not an analysis of any individual policy. It is important to review your insurance policy thoroughly to ensure that the coverage meets your business needs and contract requirements. Please ask us to check your policy if you are unsure of particular coverage.

