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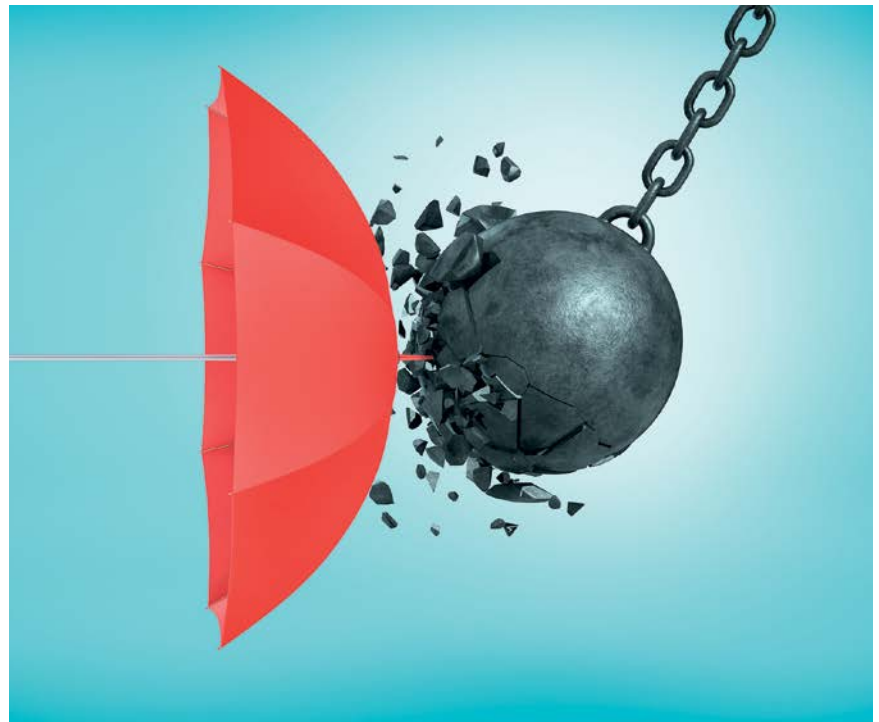
KEEPING TRACK OF CONTRACTOR INSURANCE

INTERVIEW WITH
JASON SCHICIANO,
LEVITT-FUIRST

When co-op and condo boards tackle capital projects, insurance coverage is critical — thanks in large part to New York State’s one-of-a-kind Scaffold Law, a breeder of lawsuits. What are the top things boards absolutely must have in order before they start a capital project?

First of all, everybody is pretty familiar with the concept of obtaining a certificate of insurance from a contractor, naming the building and the property manager as additional insureds. But what they don’t often realize is that the certificate of insurance on its own is worthless. It typically does not trigger additional insurance status on the contractor’s insurance policy.

Jason Schiciano is a co-president of Levitt-Fuirst Insurance.



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The other thing that’s needed is a document signed by the contractor that indemnifies the building and the property manager and also names those entities as additional insureds. That agreement, which is signed by the contractor, is typically the trigger for coverage on the contractor’s insurance policy so that the building’s insurance doesn’t have to pay for a claim if a worker’s employee is injured.

A board taking on a major project could have four or five contractors, plus

subcontractors. All of those people have to have insurance. Keeping track of those policies — their expiration dates, coverages, liability limits and so forth — must be a real headache. Who keeps track of everything?

It typically falls to the property manager, along with anybody else employed to assist him. And it’s not just for a major capital project. The exposure falls to virtually every contractor that steps foot onto the property. And we’re talking about

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a certificate of insurance for general liability, possibly a separate certificate of insurance for workers' comp and this agreement that I referenced. That's three documents right there, times dozens of contractors.

Sometimes you have different contractors working at different buildings. You're talking about dozens and dozens of insurance documents with renewals happening all over the calendar. So it's hard to keep track if it falls just to the property manager and his or her staff, who really aren't in the business of tracking this type of insurance information.

So how can they keep track?

We had the same question, and we came up with an answer. We formed a separate company, Risk Reduction Services, which basically is the back office for a property manager or a building to collect not only the certificate of insurance but also the signed indemnification and additional-insured agreement. We upload it to an electronic database, track it and provide the building and the property manager with a website portal where they can go in and track and make sure that all of the insurance is in line for each and every contractor working at a building. We even rate the quality and completeness of the contractors' insurance documentation on a one-to four-star basis.



So you're grading the coverage that they're offering?

We're not grading the coverage; we're grading the completeness of the information. Do we have the certificate on file? Is it in the proper format? Do we have the indemnification and additional-insured agreement for that particular building? Is it signed-off on? And there are a number of other levels that we check off to make sure that a contractor is four-star.

How many contractors, roughly, are you keeping track of at this point? And is there a limit to what you can handle?

There's no limit. I mean, the more the better. We're tracking almost 3,000 contractors at this point for more than 360 buildings. I think those numbers will keep rising because we're finding, as you've reported in Habitat, that there are only a handful of carriers that are insuring these buildings, and

they're having more and more requirements for the buildings to make sure that they're tracking the insurance of their contractors. That's the only way for boards to make sure they're not saddled with million-dollar claims associated with the New York Scaffold Law. So this is a vital tool, and I think it will continue to increase in importance.

To wrap up, what's the most important thing boards need to know about their contractors' insurance?

That they need more than just a certificate of insurance. They need that signed agreement that indemnifies the building and the property manager and states that the contractor agrees to name them additional insureds. Also very important: Make sure that the contractor's insurance doesn't have any Scaffold Law exclusions. Their broker can help with that. ■