

Sub-Contractor Management

Developing a solid subcontractor management process is essential to the success of your business. Good subcontractors can be an asset or a liability to a project. Subcontractors offer a flexible workforce that you can schedule as needed without the added operating costs. Not only do you need subcontractors that meet your high standard of quality workmanship, but you also should transfer any risk associated with their scope of work. Making sure that each subcontractor assumes risks associated with product installation, property damage, and/or personal injury due to their work scope is vital. Failure to do so could negatively affect or shut down your business, so it is important to have controls in place for all subcontractors.

Here are some tips to protect your business when using subcontractors:

Require Proof Of Insurance

Making sure subcontractors have adequate insurance coverage protects your business from unsuspected claims or lawsuits. Obtain a copy of their policy and Certificates of Insurance before they perform any work. Always request a Certificate of Insurance listing your company as additional insured. This document should come directly from their insurance company. Make sure that these documents show their coverage applies for the life of the project. Retain copies for your records. You will need these records during your premium audit.

Use A Subcontractor Agreement

A subcontractor agreement protects you from liability for defective work, property damage, or personal injury. This agreement should establish required coverage amounts for General Liability, Worker's Compensation, and Auto Insurance. Other components to be considered include a waiver of subrogation, a hold harmless agreement, warranty responsibilities, requirements for reimbursement if the subcontractor causes an OSHA violation, pricing, and work scope. In addition to being named additional insured, request that you receive a 30-day notice of cancellation of their insurance coverages.

This agreement should also establish safety requirements for the project or location and require that the subcontractor reimburse any OSHA fines incurred. Have your attorney review any agreement to ensure that items outlined are enforceable in your state.

Other Things To Consider:

- Establish site safety requirements. Doing so could prevent injuries to your employees, subcontractors, or visitors to your worksite.
- Consult your agent with additional questions on coverage amounts needed.

For more information and additional risk management and prevention tools, visit: fwcruminsurance.com