

Insurance 101 for Contractors: What You Should Know

Part 5 of our 5-part series on Insurance Issues Concerning Contractors

MAKE SURE YOUR INSURANCE PROGRAM COVERS THE INSURANCE REQUIREMENTS IN YOUR CONTRACT

Most general contracts contain explicit and lengthy insurance requirements for the project and it is critical that the contractor make certain that it obtains all of the coverage required by the terms of the contract it is signing. Yet contractors often fail to review the insurance terms and merely submit their certificate of insurance and hope for the best. By failing to obtain all of the coverage specified in the contract and understand the terms that go along with them, the contractor exposes itself to damages that otherwise would be covered by insurance.

There are many different types of insurance policies and products available in the marketplace and contracts call for different types of policies. The contract terms typically address questions such as, who must buy the builder's risk policy? Is a professional liability policy required? Does the owner want to use an OCIP policy? What policy limits are required? Must an additional insured be named? Is the insurance to be primary over everything else? Are subrogation rights waived? These questions must be addressed and understood at the time the contract is entered into in order to ensure that the contractor understands the risks it faces.

The contractor does not have to be an expert in insurance to make sure it is protected because it already has a knowledgeable professional in its corner – its insurance broker. A contractor should always provide its broker with the contract terms regarding insurance and indemnity, and ask for written confirmation that its insurance program is adequate. Managing risk through negotiating favorable contract terms and procuring the required insurance is critical. However, if the contract terms are not reviewed and the proper insurance is not obtained, a contractor exposes itself to substantial risk.

Should you have any questions with regard to the above, please contact your attorney or an attorney in our [Construction Law Group](#).

If you have any questions about the issues addressed here, or any other matters involving Construction Law issues, please feel free to contact:

Sara P. Bryant
617.457.4048
sbryant@murthalaw.com

Loring A. Cook, III
617.457.4014
lcook@murthalaw.com

Michael J. Donnelly
860.240.6058
mdonnelly@murthalaw.com

David P. Friedman
203.653.5438
dfriedman@murthalaw.com

Maury E. Lederman
617.457.4133
mlederman@murthalaw.com

Richard J. Saletta
617.457.4016
rsaletta@murthalaw.com

Monica P. Snyder
617.457.4157
msnyder@murthalaw.com

Andrew G. Wailgum
617.457.4006
awailgum@murthalaw.com

Kevin F. Yetman
617.457.4114
kyetman@murthalaw.com

This E-Blast is merely an overview intended to advise you of the key aspects. If you have any questions or would like further information, please contact your attorney or a member of the [Construction Law Group](#).