

INfact

What You Should Know About Your Insurance, Before Entering Contracts

When entering into a contract to provide your professional services, it is not unusual for your contract to contain certain insurance requirements. In most instances, meeting these requirements is not a problem; however, it can become a problem when your existing insurance coverage does not comply with the contract.

One requirement you may have to meet is that of adding your client to your Commercial General Liability (CGL) policy as an “Additional Insured” or as an “Additional Named Insured”. Although there may not seem to be much difference in these two terms, there is a big difference in how your insurance coverage is impacted.

An “Additional Named Insured” is entitled to the same rights under the policy as the policy holder. This includes authority to amend or cancel the policy and full coverage protection for their actions, even if unrelated to your work.

An “Additional Insured” is not entitled to make amendments to the policy, and coverage protection only applies when arising out of the operations of the Named Insured (the policy holder – you).

If you are requested to add the BC Ministry of Transportation (MOT), or any other party to your CGL policy as an “Additional Named Insured”, that means they could amend or cancel your policy. Your Insurer may also be required to protect them for any and all of their actions whether they relate to your work or not.

We strongly recommend that prior to signing the contract, you carefully review what you are agreeing to, and if necessary ask your broker for their input on how your policy compares to the demands of your contract. If you take this step after the fact, it may be too late. Non-compliance with your contract conditions may result in a delay receiving payment of your fees, or these may be forfeited altogether if you and your insurer cannot meet the requirements.

For more information about the Professional Liability insurance program (and companion Commercial General Liability coverage) that has been arranged by your Society, please obtain an information package from your Society website or contact:

Jordan Fellner
Account Manager
Hub International Insurance Brokers

Phone: 604-899-3939
Toll Free: 1-800-606-9969
Fax: 604-293-1493
Email: jordan.fellner@hubinternational.com