

Certificates of Insurance

Whether hiring a contractor to build a new facility or make building repairs, or renting out your social hall or picnic pavilion, contractual risk transfer and rental operations each present additional liability exposures to Emergency Service Organizations (ESOs).

In addition to written contracts, Certificates of Insurance (COIs) are an important tool in ensuring your ESO is protected properly when third parties do work on your premises or utilize your facilities. This bulletin discusses how COIs can help manage contractual risk when working with third parties and liabilities assumed when allowing third-party use of your premises.

Importance of COIs

A COI is a document that contains the essential details of an insurance policy and is intended to show a policy's status, provide quick access to its coverage details, reduce exposure to risk, and protect against third-party liability. The terms of a third-party contract or rental agreement may clearly state that insurance coverage is mandatory but there is still an exposure to loss if the coverage is not adequate or not in force.

Working with third-parties

It is important that the ESO have written contracts in place whenever doing business with a third party or renting out facility space to another group. The terms of the contract will vary depending on the scope of the work or event. Furthermore, written contracts should be evaluated carefully, contain appropriate risk transfer requirements, and be systematically reviewed and maintained.

When a contractor works on your property

There are risks involved when a contractor performs work on the ESO's property. In the course of their service, contractors can damage the agency's property, damage a third party's property, or an employee of the contractor may experience an injury while performing the job. ESOs that hire contractors should require all contractors to provide a COI for all services and projects performed on department properties. The COI should name the ESO as an additional insured, confirming they have coverage and rights under the contractor's policy in the event of a future claim.

When a group uses your facility

Additional liability exposures exist when ESOs allow public and private groups to utilize/rent facility space, such as a reception in the social hall. As a venue, ESOs must ensure restitution for any property damage caused by the third party using their premises.



Best Practices

- Require a Certificate of Insurance from all contractors used by the ESO for construction and maintenance including construction contractors, service/maintenance contractors, and equipment suppliers. Consider obtaining a copy of the insurance policy as well to verify the limits of insurance are acceptable for the respective project.
- Require a Certificate of Insurance and a copy of the renter's insurance policy showing the existence of liability insurance. Individuals should also be required to provide such insurance protection.
- Have a hold harmless and indemnification clause included in the contract to protect the organization's officers and members against any demands, causes of actions, or any other claim of the renting party, its members, agents, employees, subcontractors, patrons, guests, or invitees arising out of or relating to the leasing party's rental.

Summary

When an ESO enters into an agreement with a third party, they may be assuming liabilities that would not otherwise be their responsibility. Without effective risk transfer measures in place, the agency may be held financially liable for a claim caused by the contracted party. In conjunction with written contracts, Certificates of Insurance are an important tool in ensuring the ESO is protected properly in contracting situations and non-member use of the ESOs facilities.

Additional Resources

VFIS | [Managing Contracts](#)

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