

CERTIFICATE TRACKING AND VENDOR CERTIFICATION

June 20, 2017

Sharon L'Heureux Dressel, J.D., COSS
Senior Risk and Safety Consultant
Aspen Risk Management



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

Content Disclaimer

The information presented is general in nature and is intended to present an overview of insurance requirements in contracts associate with vendor certification programs. The written and verbal contents of the presentation are not intended to constitute consulting and/or advice and no client relationship is established between the presenter and attendees.



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

Agenda

- A. The Basics
- B. Understanding the Certificate of Insurance
- C. When You are the Vendor
- D. Knowing What You Need
 - Tools You Can Use
 - Types of Coverage
- E. Tracking Methods for Vendors/Insurance



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

Polling Question #1

Which of the following do you contract with?

- A. Government
- B. Professional (Engineer, Atty., Dr.)
- C. Trades/Labor
- D. Technology (Soft/Hardware)



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

The Basics

Step 1: Understanding Your Risk

- Analyze the Risks and Relationships
- Scope of Work
- Do Your Vendor Due Diligence
- Select the Appropriate Insurance Specifications
- Verify Coverage
- Report Claims Promptly



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

The Basics

Step 2: On Solid Ground

- Do it for All - Big or Small
- Use the Right Agreement
- Consult your Resources
- Appropriate Insurance Specifications
- Verify Coverage
- Report Claims Promptly



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

The Certificate of Insurance

- The Effect
- What Should it Include
- How to Read It
- Be Sure You Are Getting What You Asked For

Heffernan Consulting | 1350 Carlbach Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

S
A
M
P
L
E

COVERAGES		CERTIFICATE NUMBER		REVISION NUMBER	
<p>THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTHING SHOWN ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO THESE POLICIES MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.</p>					
PRODUCER	INSURANCE AGENCY	INSURED	FARM NAME	INSURER A	INSURER B
AGENCY MAILING ADDRESS	CITY, STATE, ZIP	FARM MAILING ADDRESS	CITY, STATE, ZIP	INSURER C	INSURER D
DATE	INSURANCE CENTER NAME	INSURER E	INSURER F	INSURER G	INSURER H
1	3	2			
<p>DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (OTHER THAN ACORD 101, APPROXIMATE WEIGHTS (INCLUDE IF APPLICABLE) TO BE LISTED)</p> <p>NAME (FARMER / MARKET) IS LISTED AS AN ADDITIONAL INSURED FOR LIABILITY WITH RESPECT TO THE OPERATIONS OF THE NAMED INSURED.</p> <p>10</p>					
CERTIFICATE HOLDER			CANCELLATION		
NAME (FARMER / MARKET)			SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.		
FARMER'S / MARKET'S MAILING ADDRESS			AUTHORIZED REPRESENTATIVE		
CITY, STATE, ZIP			SIGNATURE OF INSURANCE AGENT		
11					

Heffernan Consulting | 1350 Carlbach Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

Polling Question #2

Which of the following best describes your involvement with insurance contracts?

- A. I'm hiring a vendor and I'm asking for insurance
- B. I'm the vendor and I'm being asked for insurance
- C. All of the above



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

When You Are The Vendor

- Repeat The Basics Steps 1 & 2
- Ensure You Have the Right Coverage (Risk Transfer - Insurance)
- Understand Your Coverage
- Talk To Your Agent
- Ensure Your Agent Provides What's Agreed On in the Contract



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

Risk Transfer - Insurance

Defined:

When purchasing insurance, an insurer agrees to indemnify a policyholder up to a certain amount for a specified type of loss in exchange for a premium.

Examples of Types of Loss:

Injury, Property Damage, Vehicle Accidents, Fire, Theft, Employment Practices, etc.



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

Knowing What You Need

Common Tools You Can Use

- Indemnity Agreements (contractual risk transfer)
- Additional Insured Endorsements
- Waiver of subrogation endorsement requests
- “Primary and noncontributory” requirements related to additional insured status



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

Knowing What You Need

Types of Coverage

- Professional Services Agreements
- Professional Liability Insurance
- Construction Projects
- Auto Insurance
- Workers Compensation
- Property Insurance
- Claims-Made Coverage



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

Indemnity Agreements

The Effect:

Place the financial burden (\$\$\$) on the Party best able to control or prevent the incident leading to injury or damage.

Defined:

Non-insurance contract/agreement between two parties whereby one agrees to indemnify and hold another party harmless for specified actions, inactions, injuries or damages.



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

Indemnity Agreements

Example:

CONTRACTOR agrees to indemnify, hold harmless and defend Company and every officer, employee and agent of Company, from any claim, liability or financial loss (including, without limitation, attorneys fees and costs) arising from any intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of CONTRACTOR or any person employed by CONTRACTOR in the performance of this Agreement



Polling Question #3

When contracting with a vendor, do you require and collect Additional Insured (AI) Endorsements:

- A. Always
- B. Require It, & don't collect it
- C. What's an AI Endorsement?



Additional Insured Status

The Effect:

- Additional insured (you) protected by the named insured's (vendor) insurance coverage for any claim caused *in whole or in part* by the named insured (vendor)
- The insurance carrier is "Blocked" and cannot seek recovery from the additional insured (you).
- As an insured (vendor), additional insured's policy will not be asked to contribute to the loss or even respond in subrogation
- What is Needed
 - Stating it on the Certificate is NOT ENOUGH



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

Waiver of Subrogation Endorsement

The Effect:

Blocks the insurance carrier from seeking recovery from the "upper tier" for its actions in causing injury or damage.

Additional Insured Status also "blocks" recovery.



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

“Primary and Noncontributory” Requirement

The Effect:

Stipulates the order in which multiple policies triggered by the same loss are required to or should respond (pay).

The contractor's policy must pay before other applicable policies (primary) and without seeking contribution from other policies that also claim to be primary (noncontributory).



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

Tracking Certificates of Insurance

- The Truth of the Matter
- Certificate of Insurance Services
- Do it Yourself?
- Why It's Worth the Effort



Heffernan Consulting | 1350 Carlback Ave, Ste. 200 | Walnut Creek, CA 94596 | Ph: 800-234-6787 | www.heffins.com

Helpful Links

Insurance Education Association

- www.ieatraining.com

Insurance Journal

- www.insurancejournal.com
- International Risk Management Institute
- <https://www.irmi.com>

ACORD

- www.acord.org



Discussion and Questions

Thank You!

Sharon L'Heureux Dressel
Senior Risk and Safety Consultant
Aspen Risk Management

www.aspenrmg.com

