**Contractual Risk Transfer**

**CONTRACTUAL RISK TRANSFER**

Good contractual risk transfer through the use of a solid contract can shift all or part of the responsibility for claims related to the work of your subcontractor to the insurer for that subcontractor.

Contracts with indemnification and additional insured language should be utilized anytime a contractor hires a subcontractor or secures the services of a vendor. A purchase order can be used for smaller jobs as long as it has the appropriate indemnification and additional insured language and is signed by all parties prior to the start of the job or service to be provided.

Contracts should be reviewed by you corporate counsel to make sure they have the appropriate language needed for the State in which your operations are being completed.

**IMPORTANT CONTRACT REQUIREMENTS**

**Strong indemnification language** requiring the subcontractor to defend and indemnify the contractor, general contractor, if applicable, and the owner to the fullest extent permitted by law.

Wording that the indemnity shall include injury or death of any employee of the Subcontractor and shall not be limited in any way by an amount or type of damage, compensation, or benefits payable under any applicable workers compensation, disability benefits or other similar employees benefit act.

**Additional insured language** for the benefit of the contractor, general contractor and owner to include ongoing and completed operations with wording that the subcontractors insurance will apply on a primary and non-contributory basis.

The primary and non-contributory wording should apply to the subcontractor’s General Liability, Automobile liability and Umbrella/Excess Policies.

**Waiver of subrogation** requiring subcontractor and subcontractor’s General Liability and Umbrella/Excess insurers to waive subrogation against the additional insureds.

