

Manager/Supervisor Risk Management

#106– 11/13/12

A twice weekly e-mail training for YCPARMIA members

TOPIC: ADDITIONAL INSURED – SCOPE OF ENDORSEMENT – taking boring to new depths!

This is a large, technical, and potentially complex area, but for our purposes it is not really important for the supervisor to understand much more than that the language is legalese and modifies the contract. What is vital however is that it be understood that we are talking about a written “endorsement” -- you want to see it – every time. It is a clause that is added, endorsed onto, the insurance contract that changes the terms of the coverage by adding another party to be insured. Additional insureds have the same right to make a claim under the general liability policy that the named insured does, and also have the same duty to notify the carrier of a claim as soon as possible.

The insurance industry has standard additional insured endorsement forms. The most common is probably the CG 20 10 which states that the policy is amended to add the entity as an additional insured, but only when the injury or damages are caused,

“...in whole or in part, by:

1. Your (*meaning the contractor*) acts or omissions; or
2. The acts or omissions of those acting on your behalf:

In the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.”

The issue here is whether this would extend coverage for the entity’s concurrent negligence; the answer is probably, as long as the named insured caused at least part of the injury or damage.

The endorsement form identifies who the additional insured is, and the name and/or location of the project that is being covered. A company that issues an endorsement is, in essence, confirming that the insurance policy exists at that point in time because an endorsement is something that is added to a policy; it has no existence or purpose of its own.

Let’s put this all in perspective. The contractor has agreed to be legally liable, per the contract’s indemnification clause, to defend and indemnify the entity – without limit, for injuries and damages that arise out of the contract. The entity requires that the contractor carry sufficient insurance to give some assurance that the contractor can financially meet those obligations. The entity also requires that the entity be endorsed onto the insurance contract as additional insureds so that they can deal directly with the contractor’s insurance company. The entity, for its own protection, needs to make sure that there is a valid insurance policy, and that they have actually been endorsed onto it. This brings us to the issues involving proof of insurance.

Next topic: Proof of Insurance