
DESANCTIS INSURANCE AGENCY, INC.

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To Our Valued Clients:

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Contract Problems? Required Additional Insured Forms May Create One

Problems with additional insured requirements have been surfacing more and more of late. Some Owners and General Contractors (Bovis & Suffolk for example) have been insisting that you provide Additional Insured status for them on versions of Additional Insured forms that the carriers will not provide or for which they will charge a significant additional premium.

There are several form numbers and edition dates involved, but the issue surrounding each is essentially the same. The Owner or GC wants you and your carrier to use older forms that are so broad they will provide coverage for them under your policy for their sole negligence. The carriers only want to use newer forms that first require an act or omission on your part, the named insured, before coverage is triggered for the additional insured. This protects you from having your limits of liability reduced by payment of a claim on behalf of an Additional Insured when you had no responsibility for the loss.

It was never intended to have any of the Additional Insured endorsements provide coverage for the Additional Insured's sole negligence, but over time, various courts began interpreting the language of the older endorsements in such a way as to erode their original intent. In response to this broad interpretation the carriers updated their forms and phased out the old ones so coverage for sole negligence would be eliminated. Some GCs and owners still insist on using the old endorsements.

Prior to bidding any work, be sure you know what Additional Insured forms are required by the contract. Contact us to make sure the forms are available and at what cost, as it could be significant. We will also help you negotiate for acceptance of your current forms to avoid the additional cost and exposure created by the broader forms.

Don't get caught by surprise only to have payment held up after your work has been done because you failed to provide the correct Additional Insured forms. Call us first.

Very Truly Yours,

DeSanctis Insurance Agency, Inc.