



KW Insurance Agency

Think before You Ink

Things to Consider Before Signing a Contract

Before signing contract, make sure you are covered!

Many of our clients have entered into contracts that bind them to terms and conditions that may not be insurable or that may generate additional premium. We understand current economic conditions are tough and you need to secure new business. We don't want to alienate your customers but we do want to protect you!

Before you sign a contract, make sure you can deliver on the required terms. Call us to determine if your policy provides the coverage you need or if it needs to be amended for compliance of contract.

Remember, you purchase insurance to protect you for claims brought against you when you cause Bodily Injury or Property Damage as a result of your termed negligence.

Here are terms you need to watch. Some may require endorsements to the policy and additional premium.

Additional Insured Status:

Generally OK as long as you have a signed contract or agreement requiring it. If you can, try to avoid naming entities other than your client. They are ones you are working for.

Primary and Non-Contributory:

Means your insurance is the first to respond.

Waiver of Subrogation:

Means that your insurance company waives their right to subrogate against the other party. A Waiver of Subrogation may generate a premium charge, especially if required by Workers' Compensation. This can get expensive and you may need to build the cost into your price. Check with us first!

Hold Harmless & Indemnification:

OK if it is specific to the job you are doing for the potential customer. Try to state that in the contract, and AVOID any wording that says you are responsible for "any and all" causes of loss. You do not want to be responsible for things over which you have no control, and are not insurable.

Avoid the following:

- Pollution – This is excluded from most policies and will require an application and additional policy in order to obtain.
- CG2010 - this is an outdated form and very difficult to get.
- Notice of cancellation that requires more than 30 days.
- Terms requesting coverage for 3,5, or 7 years into the future.