

Insurance requirements worksheet

Fill it in with your broker to set what each tier of subcontractor must carry. Page 2 has an example.

Company: _____ Project: _____ Broker: _____ Date: _____

Requirements by tier

COVERAGE	TIER 1 LOWER RISK	TIER 2 MODERATE RISK	TIER 3 HIGH RISK
General liability, each occurrence			
General liability, general aggregate			
Products and completed operations aggregate			
Auto, combined single limit			
Workers' compensation	Statutory	Statutory	Statutory
Employers' liability			
Umbrella or excess			
Pollution liability			
Professional liability			
Additional insured, ongoing and completed			
Waiver of subrogation			
Primary and non-contributory			
Minimum insurer rating			
Completed operations cover kept for (years)			

Owner contract requirements to flow down

What you require of a subcontractor must never be weaker than what your owner contract requires of you. Read the owner's insurance exhibit, and write here what it asks for beyond the table above.

A starting point, as an example

AN EXAMPLE TO REVIEW WITH YOUR BROKER, NOT A RECOMMENDATION

The matrix below is an illustrative starting point. It shows what a filled-in worksheet looks like and does not set your requirements. Review it with your insurance broker and a construction attorney in your state before any of it goes into a subcontract, and flow down anything higher than your owner contract requires.

COVERAGE	TIER 1 LOWER RISK	TIER 2 MODERATE RISK	TIER 3 HIGH RISK
General liability, each occurrence	\$1,000,000	\$1,000,000	\$1,000,000
General liability, general aggregate	\$2,000,000	\$2,000,000	\$2,000,000 per project
Products and completed operations aggregate	\$2,000,000	\$2,000,000	\$2,000,000
Commercial auto, combined single limit	\$1,000,000	\$1,000,000	\$1,000,000
Workers' compensation	Statutory	Statutory	Statutory
Employers' liability, each	\$500,000	\$1,000,000	\$1,000,000
Umbrella or excess	Not required, or \$1,000,000	\$2,000,000	\$5,000,000 or more
Additional insured, ongoing and completed	Required	Required	Required
Waiver of subrogation	Required	Required	Required
Primary and non-contributory	Required	Required	Required

Three tiers by risk

TIER	TYPICAL TRADES	RISK PROFILE
Tier 1: lower risk	Interior painting, cleaning, flooring, signage, small finish carpentry	Low injury severity, small contract values, little exposure to third parties
Tier 2: moderate risk	Drywall, plumbing, HVAC, low-voltage electrical, landscaping, concrete flatwork	Moderate severity, working near other trades and the public
Tier 3: high risk	Roofing, steel erection, excavation, demolition, cranes, high-voltage electrical, scaffolding	Serious injury or property damage is possible, with work at height or near structures

Set the tier by the job, not only by the trade. A plumber on a 20-story tower carries a different risk from a plumber on a single-story retail fit-out. Contract value, height, occupied buildings and exposure to the public should each move a subcontractor up a tier.

What the example leaves out

Page 1 has rows the example does not fill, because they turn on the job: pollution liability for work such as excavation and demolition, professional liability for design-build work, a minimum insurer rating (for example A- VII or better from AM Best) and how many years completed operations cover is kept. If you also write a rule about where the insurer is licensed, word it as admitted, or eligible as a surplus lines insurer, in your state. A surplus lines insurer is not licensed in the state and may still be eligible to write there. Settle two more with your broker: a cap on deductibles, and the same protection from anyone your subcontractor hires.

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