

Working with Sub-Contractors

Just like the teachers told us in school – show me your friends and I’ll tell you who you are. In business, it is much the same.

Any “professional colleagues” - business partners, joint venturers, colleagues or affiliates - who deal with your clients should be as financially responsible as you are. You can be held accountable for claims caused by firms who provide products or services to your clients.

Whenever you recommend a firm or person to your client make sure that the firm or person has several types of insurance.

Just as ad agencies have general, auto, umbrella and ad agency liability insurance, your professional colleagues should show evidence that they have the same general, auto, umbrella, and errors and omissions liability insurance.

The most common way to demonstrate insurance is by a Certificate of Insurance. This is a standard insurance industry form.

In addition to proving existence of insurance, Certificates show what services are covered and the various policy periods. You want to be sure that the insurance is in force for as long as it takes to complete the work.

Another important thing on certificates is confirmation of Additional Insured status. Additional Insured status should be required by the indemnification portion of a contract between you and your colleague.

Here is an example of how a Certificate of Insurance assisted an agency.

A US ad agency decided to work with a Canadian agency on a program. There was a contract between the agencies specifying not only work to be done but also insurance and indemnification. Each agency added the other to their ad liability and general liability insurance. Insurance was verified by Certificates of Insurance that showed the requirements specified in the insurance section of the contract between the agencies.

If any problem arises the client and each agency’s interests and insurance protection are clearly laid out.

So, in summary, any professional colleagues with whom you work ...

- Should give your a certificate of insurance showing General, Auto, Umbrella and Errors & Omissions Liability.
- Should have a contract with you.
- Should name your agency as an Additional Insured
- Although not discussed above – Should have Workers Compensation insurance, if required.

If you have any questions about this procedure, please call Tom Kennedy at AAAA Benefits or Jack Buttine at 800 964 4454, ext 21.

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