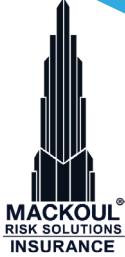


A GUIDE TO PROTECTING YOUR BUILDING

WHEN DEALING WITH CONTRACTORS



FOR NEW YORK PROPERTY OWNERS

The NY Labor Law holds property owners responsible for the contractor's worksite safety regardless of the degree of worksite control exercised by the property owner!

How Do You Manage The Risk?

1. Never Hire an Uninsured Contractor!

2. What Coverages Should The Contractor Maintain?

- A. General Liability - \$1,000,000 Per Occurrence, \$2,000,000 Aggregate
 - a) Products and Completed Operations, Defective Product or Faulty Workmanship
 - b) Be Aware!! Policy should not contain an exclusion for injury to employees or employees of subcontractors.
- B. Workers Compensation - As required by the State
 - a) The building owner is responsible if the independent contractor they hire does not maintain Workers Compensation coverage.
 - b) When the Building Owner's Workers Compensation policy is audited, they will be charged for payments made to the contractor if no Certificate is maintained.
- C. Auto Liability - \$1,000,000 - If any autos are owned, if not, hired/non-hired auto liability should be maintained.
- D. Commercial Umbrella - Provide Higher Excess General Liability, Employers Liability and Auto Liability Limits in case an award is greater than the underlying limits.

3. Obtain a Certificate of Insurance Prior to Work Beginning

- A. Must list Building Owner and Property Manager as an Additional Insured.
- B. Provides defense and indemnifies the Additional Insured parties
- C. Shareholders/Unit owners - should obtain certificates naming themselves, the coop/condo and property manager as additional insureds under the contractors insurance.

4. Maintain a Contract (For sample contracts refer to- www.AIA.org)

- A. Must be drafted by an attorney
- B. Details Contractors responsibilities
- C. **CRITICAL!!** Must include verbiage that building owner and property manager are required to be listed as an additional insured. This also applies to all Shareholders and Unitowners.
- D. Specifies Minimum Acceptable Insurance Coverages and Limits –
 1. General Liability
 2. Workers Compensation
 3. Auto Liability
 4. Commercial Umbrella

5. Include a Hold Harmless Agreement - Must be in the Building Owners favor!!!

6. Obtain a Full Copy of the Contractor's Insurance Policies - The policies should be reviewed by the association's insurance broker to confirm there aren't any exclusions that could be detrimental.

7. Contractors are not to use the Building Owners equipment (ladders, tools, etc.).

8. Part Time Supers - Minimum payroll Workers Compensation Policy - primarily for maintenance workers at smaller buildings with no super. He or she comes once or twice a week to sweep, take out the garbage, etc. He or she gets paid by check, with no deductions made and gets issued a 1099 at the end of the year. Though that person is technically not an employee, the coop or condominium should be maintaining a minimum payroll Workers Compensation policy to protect themselves.

Summary - Taking The Necessary Steps To Properly Manage Contractor Risk Is Critical Because:

- Contractor related claims are filed against the contractor's insurance, rather than the property owner's insurance.
- Lower insurance premiums in the long run.
- Less exposure for the building owner - superior claims history.

NY LABOR LAW

In New York, property owners face certain legal risks as a result of two statutory provisions in the state's labor law:

Section 240 (1) - Known as the "Scaffold Law" - Holds owners liable for certain height related injuries that occur during construction, demolition and repair work.

Section 241 (6) - Imposes vicarious liability upon the property owner for negligent failure of contractors and subcontractors.