

CONTRACTORS & VENDORS

HOW DO YOU MANAGE THE RISK?

NEW YORK LABOR LAW

New York Labor Law represents an onerous burden for property owners and property managers, making them financially liable for virtually any work related accident on their premises.

- SECTION 240 (1) Scaffold Law - Makes the property owner “absolutely liable” for all gravity related construction accidents on their property with almost no exceptions.
- SECTION 241 (6) Excavation Demolition and Safety Equipments - Makes property owners strictly and vicariously liable for worker injuries on their premises if improper or inadequate safety equipment causes a worker injury.

MAKE SURE THEY ARE INSURED

Obtain a full copy of the insurance policy for any contractor hired by the association to do work in or on the premises. Have your insurance broker review the contractor’s insurance policy to see if there are any endorsements or exclusions that should be removed or added such as Height Restriction Exclusions, Third Party Over Exclusion or Contractual Liability.

HAVE A SIGNED CONTRACT WITH THE CONTRACTOR

- Must be drafted by an attorney.
- Must include verbiage requiring the contractor to list the association and management firm as Additional Insureds. This is critical as many contractor’s insurance policies require something in writing before providing Additional Insured status.
- Should detail the contractor’s responsibilities, including all sub-contractors having insurance and naming the association and management firm as Additional Insured.
- Specifies minimum acceptable insurance coverages and limits.
- Includes Waiver of Subrogation in the Association’s favor.
- Requires that the contractor’s insurance is Primary & Non-contributory, which means the contractor’s insurance will respond first and not seek reimbursement from the association’s insurance.

HOLD HARMLESS AGREEMENTS

A Hold Harmless Agreement holds the party harmless for any damages or injuries caused by the other party’s negligence. Should be in the contract and be in the association’s favor.

OBTAIN A CERTIFICATE OF INSURANCE

Make sure the Certificate of Insurance lists the property owners and Property Manager as Additional Insured.

KNOW WHAT COVERAGES THE CONTRACTOR SHOULD MAINTAIN

- **General Liability \$1,000,000 per Occurrence, \$2,000,000 Aggregate** - Covers bodily injury and property damage. Should include Products & Completed Operations in the event of faulty workmanship or a defective product.
- **Workers Compensation** - As required by the State.
- **Business Auto Liability or Hired Non-Owned Auto \$1,000,000** - If any autos are owned by the contractor in their business name, then a Business Auto policy. If not, Hired/Non-Owned Auto Liability.
- **Commercial Umbrella** - Provides additional liability over the underlying limits indicated above. The larger the job, the higher the limit needed.

WHAT ABOUT OWNERS

All owners hiring contractors should make sure they have in writing with the contractor naming themselves, the association and management firm as Additional Insureds. Owners should obtain a Certificate of Insurance from any contractor they hire naming Shareholders/Unit-owners and should obtain certificates naming themselves, the coop/condo and property manager as additional insureds under the contractors insurance. In co-ops, the Alteration Agreement should require the contractor to indemnify and hold harmless the shareholder, the co-op and property manager should be signed by both the shareholder and contractor they are hiring.

Moving companies transporting furniture, appliances, etc. should be required to maintain not only General Liability, but Business Auto Liability as well. There is the possibility that any damage or injuries caused in the course of moving the items will be covered under the Auto Liability policy and not the General Liability policy.

*Mackoul Risk Solutions, LLC are not attorneys and cannot give legal advice. All agreements and contracts should be reviewed by legal counsel.