



# SAFETY BULLETIN

## CONTRACTS WITH CONTRACTORS



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### PROTECTING YOUR VENUE FROM LAWSUITS

An entertainment venue hired a contractor to perform renovations at their facility during the off-season. After weeks of research, interviews, and vetting, they hired XYZ Construction Group (XYZ) to complete the projects. XYZ in turn hired Paint-It-All painting company who are painting, drywall, and texture specialists. During the project, an employee of Paint-It-All injured himself by falling off of a scaffold (owned by Paint-It-All) because he was not properly tied down. In addition to having his medical bills paid and receiving time loss compensation benefits as a result of the injuries he received while working, the employee filed a law suit against the entertainment venue alleging that the venue failed to provide a safe work environment.

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*YOU MEAN I MIGHT NOT ONLY HAVE TO PAY FOR THE JOB, BUT ALSO FOR THE CONTRACTOR'S NEGLIGENCE?*

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Can the venue be liable for the injury of Paint-It-All's employee? This largely depends on the answers the following questions:

- Does the XYZ (general contractor) have insurance? If so, does XYZ have adequate insurance coverage?
- Did the venue request a certificate of insurance from XYZ naming the venue as an additional insured on XYZ's general liability policy?
- Is there a contract in place between the venue and XYZ?
- Does the contract indemnify and hold the venue harmless for any loss, cost, damage, liability, or expense incurred by the venue as result from work performed by XYZ or work performed by XYZ subcontractors?
- Does the contract stipulate that XYZ require all subcontractors (i.e. Paint-It-All) maintain insurance and additional insured requirements in the like form and amount as required by XYZ?

If the answer is "no" to any of the above questions, then the venue may indeed be liable for the injury that occurred to Paint-It-All's employee.

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*THAT DOESN'T SOUND RIGHT? WHAT SHOULD I DO DIFFERENTLY?*

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While this may not seem fair, unfortunately, it is not an uncommon occurrence. To protect your organization, anytime an individual or a company is hired to perform a job at your facility, before they begin any work, the standard procedure should be to:

- Obtain a certificate of insurance from the company doing the work that names your facility as an additional insured on their policy;
- Ensure that the company doing the work has adequate insurance coverage. Either your insurance broker, your insurance company, or your attorney should review; and
- Ensure a fully executed contract between your organization and the company doing work is in place. The contract should hold your company harmless for any loss, cost, damage, liability, or expense incurred by your organization from the work performed by

the company and companies they may hire to complete the job. Your attorney should review all contracts.

When you hire a person or a company to complete a job, you do not enter the relationship with the expectation that you may be legally responsible for things you have little or no control over. The bottom line is that allowing someone to do work at your facility that does not have insurance and/or without a contract is very risky. Developing and adhering to policies and procedures relative to obtaining and reviewing certificates of insurance and ensuring that contracts are reviewed and worded in your favor is a sound risk management practice that will protect your company from lawsuits.

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If you or your staff have any questions concerning this important Safety Bulletin, please contact us today.



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