<RX¶UH DQ ³$GGLWLRQDO ,QVXUHG´ ± What Coverage Are You Getting?

Builders routinely require their subcontractors to name the builder as an
DGGLWLRQDO LQVXUHG RQ WKH VXEFRQWUDFWRU¶V FRPS

coverage to the additional insured.

To receive the broadest coverage, builders should specify in the subcontract that
WKH EXLOGHU PXVW EH QDPHG DV DQ DGGLWLRQDO LQVX
³IRU OLDELOLW\ DULVLQJ RXW RI WKH VXEFRQWUDFWRU¶V
Insurance Services Office form CG 20 10 11 85, among others. The key words are
³DULVLQJ RXW RI ´ 7KH FRXUWV KDYH FRQVWUXHG WKLV
recent case two employees of an excavation subcontractor were injured by a cave-in at a
construction site. The employees sued not their employer (the subcontractor) but rather
the contractor, alleging that the contractor failed to provide a safe workplace. The court
held that the contractor was covered for the suit as an additional insured on the
VXEFRQWUDFWRU¶V &*/ SROLF\ HYHQ WKRXJK WKH VXEF contractor itself was not sued. The
FRXUW KHOG WKDW WKH FRQWUDFWRU¶V DOOHJHG OLDEL

%XW D EXLOGHU PLJKW EH DQ DGGLWLRQDO LQVXUHG damage were caused only by the builder. For example, such a court would likely rule that the builder in the excavation case example discussed above was not covered as an DGGLWLRQDO LQVXUHG RQ WKH VXEFRQWUDFWRU¶V SRO EXLOGHU¶V OLDELOLW\ ZDV FDXVHG HYHQ LQ SDUW E\ W contractor.

In addition to specifying in the subcontract the mandatory scope of coverage for the builder as an additional insured, the builder should confirm that it has actually received the required coverage. The subcontract should provide that the subcontractor must furnish a certificate of insurance and that the certificate must be sufficiently detailed to show that all the insurance requirements of the subcontract have been met. The certificate should show that the builder has been added as an additional insured on the VXEFRQWUDFWRU¶V # $T €ROLF 0À d€ 0Â0 U¶VXH XHP` SRL