

## A QUICK REFERENCE TO COMMON SUBCONTRACTOR AGREEMENT PROVISIONS

The relationship between a contractor and subcontractor is a common one found in business today. With the right insurance and contract, this relationship can be a good one. It is only when expectations are not clearly defined that issues may start to arise.

Before entering into an agreement with a subcontractor, you should have proper insurance coverage, a contract that's been reviewed by your lawyer, and a solid understanding of any applicable state laws. This checklist can be used to ensure your subcontractors have the insurance that is required to protect your interests (and theirs) while on the job. This checklist is intended to help make expectations clear during the initial bidding process and beyond. It cannot replace a contract or be used as a substitute for certificates of insurance.

The following items are key provisions Acuity recommends be present on any contract. While some contracts may outline more and some less, Acuity has identified these for our sample contract that is also available on the Acuity website. Since every job and every company has unique exposures, it is still essential that your contract be reviewed by a lawyer.

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Date

Contractor Name  
Street Address  
City, State, Zip

Subcontractor Name  
Street Address  
City, State, Zip

RE: Contract Requirements/Bidding Process

Salutation:

Upon entering into a contract with \_\_\_\_\_, the subcontractor, \_\_\_\_\_, shall be required to provide the following insurance items and provide a certificate of insurance to that effect. The contract will take precedent if there are any inconsistencies.

**Commercial General Liability**

- \$1,000,000/\$2,000,000 limits
- CGL includes CG 25 03 (per project aggregate)
- Additional insured requirements:
  - Covers ongoing operations (CG 20 10 7/04 or equivalent)
  - Covers completed operations (CG 20 37 7/04 or equivalent)
- Subcontractor's insurance is primary/noncontributory
- Waiver of subrogation required

**Commercial Auto Liability**

- \$1,000,000 limit
- Hired/nonowned auto required
- Additional insured endorsement applies

**Workers' Compensation & Employers' Liability**

- Coverage A (workers' compensation)
- Coverage B (employers' liability) with 100/500/100 or statutory required limits
- Waiver of subrogation required

**Excess Liability**

- \$1,000,000 limit
- Subcontractor's insurance is primary/noncontributory

**Other Insurance Requirements**

- Notice of cancellation required
- Insurance carrier has an A.M. Best rating of "A-" or better

Signature \_\_\_\_\_

