



Proper Risk Transfer

How it works — step by step

Proper risk transfer ensures that when a subcontractor causes damage or injury, **their insurance responds — not yours**. It requires three documents working together: the sub-contract, the COI, and the actual endorsements. If any link breaks, the risk flows back to the GC.

THE RISK TRANSFER FLOW

1

MASTER SUB-CONTRACT AGREEMENT

Set the Insurance Requirements in Writing

Before any work begins, the sub-contract must define exact coverage the subcontractor is required to carry. Everything else is verified against it.

Required Coverage Types

Commercial GL · Auto Liability ·
Workers' Comp · Employers
Liability · Excess/Umbrella

Required Contract Language

GC named as Additional Insured ·
Primary & Non-Contributory ·
Waiver of Subrogation

2

CERTIFICATE OF INSURANCE (COI)

Collect & Verify the Certificate

The COI is proof of insurance — but it is not the policy and does not guarantee coverage. Every field must be checked against contract requirements.

- | | |
|--------------------------------------|---------------------------------------|
| ✓ Policy active — dates current | ⚠ COI alone does not create AI status |
| ✓ Limits meet contract minimums | ⚠ Checked box ≠ endorsement on file |
| ✓ GC named as Certificate Holder | ⚠ Wrong named insured = no coverage |
| ✓ Additional Insured box checked | ⚠ Expired policy mid-project = gap |
| ✓ Cancellation notice clause present | |

■ COI must loop back to the Sub Agreement. Every coverage type, limit, and named insured on the COI must match exactly what the contract requires. Any mismatch means the sub is out of compliance.

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ADDITIONAL INSURED ENDORSEMENTS

Obtain the Actual Endorsements — Not Just the Checkbox

This is where most risk transfer fails. Without the endorsement attached to the policy, Additional Insured status is unenforceable at claim time.

Ongoing Operations (CG 20 10)

Covers claims from the sub's work while actively on the job site.
Required from day one.

Completed Operations (CG 20 37)

Covers claims after work is finished.
Required for years post-completion.
Frequently missed.

- ✓ Endorsement must state Primary & Non-Contributory — not just the COI
- ✓ Waiver of Subrogation must appear in the endorsement wording

■ Endorsements loop back to the Sub Agreement. The endorsement language must satisfy the exact terms written in the contract. If P&NC is required and the endorsement doesn't reflect it, risk transfer is incomplete.



CRITICAL — OFTEN OVERLOOKED

Request Exclusions List & GL Rating Pages

The COI and endorsements only tell part of the story. Exclusions and GL rating pages reveal hidden gaps that won't appear anywhere else — and could leave your client fully exposed at claim time.

👁️ Why Exclusions Matter

A sub's policy may exclude the exact type of work being performed. None of this appears on the COI.

📄 Why GL Rating Pages Matter

If the sub's actual scope isn't listed, the insurer may deny the claim even if the policy appears active.

- ✓ Request exclusions directly from the sub's broker — not just the COI
- ✓ Confirm the GL policy is rated for the sub's actual scope on this project
- ✓ Flag any gaps to your client before work begins — not after a claim

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ONGOING MONITORING

Track Every Policy Through Project Completion

Compliance must be maintained continuously. Policies expire, subs change insurers, and projects run long.

Proactive Renewal Outreach

Request updated COIs and endorsements 30 days before any policy expiration.

Completed Ops Duration

Confirm the sub maintains completed operations AI for the full contract period — typically 2–5 years post-completion.

**STEP 5 — RISK SUCCESSFULLY TRANSFERRED**

The GC Is Protected — Coverage Responds Correctly

When all documents are in place, verified, and current — the subcontractor's policy responds first. The GC's policy is protected and claims are handled by the party responsible for the work.