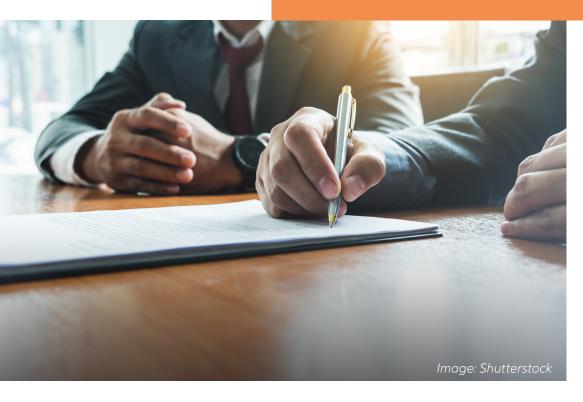
ALLIANZ GLOBAL CORPORATE & SPECIALTY®

CONTRACTUAL RISK TRANSFER

ALLIANZ RISK CONSULTING



WHAT IS CONTRACTUAL RISK TRANSFER?

Whenever your company hires a contractor, enters into a maintenance, service, or vendor agreement, leases a building, leases equipment, sub-contracts work to a third party, chances are there is a signed contract detailing the terms of the agreement. It is important to ensure the use of a contractual agreement which includes important clauses transferring risk and responsibility to the responsible party. The clauses are known as hold harmless and indemnification clauses. Without an effective contractual risk transfer program you can be stuck paying for losses you are not responsible for.

CONTROLLING CONTRACTUAL RISK TRANSFER

When entering into contractual relationship you should make every effort to use your own contract agreement which has been vetted by an attorney. In cases where you must sign a contract for others it should be reviewed internally and amended as necessary. At a minimum contracts should include the following provisions:

- Favorable Hold Harmless and Indemnification clauses. Note: Requirements of these clauses vary by State.
- Additional Named Insured.
- Ensure you collect a certificate of insurance to verify your status as an additional insured and confirm they have active coverage.



ESTABLISHING ADMINISTRATIVE PROCEDURES

Identify a key person within the administrative staff which oversees the company's contractual risk transfer program. This person should execute the following duties:

- 1. Ensure certificates of insurance are obtained and additional insured endorsements added prior to the start of any third party work.
- 2. Ensure contracts are not amended prior to signatures being applied.
- 3. Ensure executed contracts are on hand prior to the start of any third party work.
- 4. Monitor certificates of insurance to ensure they are updated prior to their expiration date.

INSURANCE MINIMUM GUIDELINES

Your contract should include minimum insurance requirement guidelines. The minimum insurance requirements that should be used are outlined below.

- Commercial General Liability: \$1,000,000 per occurrence, \$2,000,000 aggregate
- Completed Operations: \$1,000,000
- Comprehensive Auto Liability: \$1,000,000
- Workers Compensation: State Statutory Limits
- Excess Liability: \$5,000,000

You should also require the insurance company to have an AM Best rating of at least an A rating.

An effective contractual risk control program will help protect your business interests. **See Your Attorney and Insurance Agent** for additional valuable insights.

Design: Graphic Design Centre

Disclaimer & Copyright © 2020 Allianz Global Corporate & Specialty SE. All rights reserved.

The material contained in this publication is designed to provide general information only. While every effort has been made to ensure that the information provided is accurate, this information is provided without any representation or guarantee or warranty of any kind about its accuracy and completeness and neither Allianz Global Corporate & Specialty SE, Allianz Risk Consulting GmbH, Allianz Risk Consulting LLC, nor any other company of Allianz Group can be held responsible for any errors or omissions. This publication has been made on the sole initiative of Allianz Global Corporate & Specialty SE.

All descriptions of services remain subject to the terms and conditions of the service contract, if any. Any risk management duties as laid down in the risk service and/or consulting contracts and/or insurance contracts, if any, cannot be delegated neither by this document, no in any other type or form.

Some of the information contained herein may be time sensitive. Thus, you should consult the most recent referenced material. Some of the information given in this publication may not apply to your individual circumstances. Information relating to risk services is intended as a general description of certain types of risk and services to qualified customers. Allianz Global Corporate & Specialty SE does not assume any liability of any kind whatsoever, resulting from the use, or reliance upon any information, material or procedure contained in this publication.

Allianz Global Corporate & Specialty SE, Global Communications, Dieselstrasse 8, 85774 Unterfoehring, Germany Commercial Register: Munich, HRB 208312