

PRESBYTERY OF CHICAGO

Properties Ministry Team GUIDE # 6

TITLE: CONTRACTOR INSURANCE REQUIREMENTS

The congregation is the steward of the buildings it needs for its ministries. This stewardship is a necessary part of its overall ministry. The Book of Order G-10.0102o (see below) defines this responsibility of the session.

PURPOSE OF THIS GUIDE

The purpose of this guide is to establish general guidelines for the church for insurance protection in its relationship to engaging outside individuals and/or contractors for service relating to maintenance, repairs and capital improvements to its facilities.

Injuries to persons including third parties and damage to property are matters of serious liability for any church, large or small, struggling or well-established. Such injuries or damage are not uncommon in connection with work done in connection with church facilities. Whenever the church hires or renews the contract of a contractor for the purpose(s) of construction, remodeling, installation or service of equipment of any kind, or purposes of maintenance or custodial work for their building or their grounds, the church should review with its insurance consultant/broker the coverage that they carry as the owner (the church) and that they should require of each contractor.

It is strongly recommended that all contractors, regardless of size, have insurance coverage. The church assumes responsibility and liability for uninsured employed contractors A small contractor can cause a significant claim as well as a larger contractor, particularly if he carries no insurance at all.

CHURCH INSURANCE (general)

Book of Order Section G-10.0102o: *"The session is responsible for the mission and government of the particular church. It therefore has the responsibility and power . . .to provide for the management of the property of the church, including determination of the appropriate use of church buildings and facilities, and to obtain property and liability insurance coverage to protect the facilities, programs, and offices, including members of the session, staff, board of trustees, and deacons."*

CHURCH INSURANCE (in connection with construction)

Since special contingencies may arise in connection with construction and the hiring of contractors to work in or on the building or grounds, the church should consult its insurance consultant/broker about coverage addressing these contingencies.

CONTRACTOR AND SUBCONTRACTOR INSURANCE

The church should procure from each contractor (have the contractor instruct its insurance company to transmit directly to the church and presbytery) Certificates of Liability Insurance showing the contractor's insurance coverage and showing in the box labeled Certificate Holder (named Additional Insured) the names and addresses of the church and of the Presbytery. The SAMPLE FORM (see Guide #6A) is an industry standard. Again, consulting with the church's agent is important since insurance requirements will vary depending on factors including, but

not limited to the client, the contractor, the state in which work is being performed and the issuing insurance agency.

TYPES OF COVERAGE (refer to Sample Form Guide #6A)

General Liability: Generally, these policies have limits of liability that are in effect *per occurrence* rather than *per claim* (like a professional liability policy, for example). The limits of insurance required will vary as will any additional insured wording (see further notes below). The church should consult with its insurance agent regarding the differences in coverage for the church and cost to the contractor of these limits of liability.

Auto Liability: When auto liability coverage is required, the basic minimum required in generally *hired and non-owned auto coverage*. Again limits and additional insured wording may vary.

Excess Umbrella Liability: This policy generally provides excess limits over the limits of the general liability policy. Depending on the insurance company issuing the excess umbrella policy, limits can also apply over the limits of the auto and workers compensation policies as well.

Workers Compensation: Generally, the bare minimum limits accepted are the statutory limits required by the state. Statutory limits will vary state-to-state.

Additional Insured Wording (Certificate Holders: church and Presbytery of Chicago): Some contracts may require additional insured status, usually with respect to general liability coverage. Sometimes, additional insured wording is requested with respect to general liability and automobile liability as well. Additional insured wording is not applicable to workers compensation or professional liability coverages. Generally, the additional insured wording requirements are spelled out in a written contract between the client and the contractor.

THE BARE MINIMUM: To repeat: the church should discuss with its insurance consultant the kinds and amounts of coverage it should require of the contractor. In the absence of any other advice, the church should at least require policies for Workers Compensation (a state requirement) and for Commercial Liability in the amount of \$1,000,000 (one million dollars). These policies should be current, should not expire during the expected duration of their work or new certificates be received at the times of expiration and renewal, and should cover all workers to be employed by the contractor or its subcontractors for the work. Certificates should be issued to the church and to the Presbytery of Chicago (see address below) as Certificate Holders by the contractor's insurance agent.

Address: Presbytery of Chicago
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Attn: Director of Business Affairs.

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