

James R. Favor & Company

Sigma Alpha Mu Fraternity Risk Management & Insurance Program

Minimum Insurance Requirements for Independent Contractors

Before Independent Contractor agreements are finalized and any work is performed, Written Evidence of Insurance, as illustrated by the attached Specimen Certificate of Insurance, should be obtained from all Independent Contractors.

Independent Contractors are a frequent source of problems and potentially significant losses for Fraternities and Sororities. When their use is carefully planned, they have also been proven to be a very effective method of risk reduction and transfer for fraternities and sororities.

ADDITIONAL RISK MANAGEMENT TIPS

- 1) Independent Contractors should only be used subject to a written contract that has been reviewed by both your legal counsel and insurance advisors.
- 2) Hold Harmless and Indemnification Clauses that make the Independent Contractor responsible for any claims or losses that may arise out of their acts or omissions should be included in your contracts.
- 3) To further protect yourself, require that the Independent Contractor provide you with Additional Insured status under their insurance.
- 4) As an Additional Insured, require that the Independent Contractor and their insurer agree that for your benefit, their insurance will be primary and your insurance will be excess and non-contributory.
- 5) Require that the Independent Contractor's insurance may not be cancelled or non-renewed without providing you with at least (30) thirty days prior written notice via certified mail.
- 6) Independent Contractors providing or serving alcohol should be properly licensed and provide proof of both Host Liquor and Liquor Legal Liability at limits of not less than \$1,000,000 per occurrence.
- 7) Independent Contractors providing legal age identification checks, security or crowd control services for events should provide proof of Personal Injury Liability coverage for Assault and Battery, False Arrest, and Invasion of Privacy with limits of not less than \$1,000,000 per occurrence.
- 8) Higher limits and other coverages, such as Property, Builders Risk or Performance Bonds, may be needed based on the work to be performed.
- 9) For more information regarding Independent Contractors exposures, request our brochures: 1) "Workers' Compensation", 2) "Independent Contractors", both of these provide a Review of Exposures & Risk Management Recommendations.

Questions & Additional Help

Our staff is always available to answer your questions or assist your legal counsel in reviewing Independent Contractor agreements, or reviewing the insurance certificates provided by Independent Contractors. Please contact us at James R. Favor & Company, 14466 East Evans Avenue, Aurora, Colorado 80014-1409. WATS (800) 344-7335 • TEL. (303) 750-1122 • FAX (303) 745-8669.
