

# Contracts and Additional Insureds – Do You Really Have Protection?

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Recently, I came upon an interesting (albeit disturbing) example of how generic insurance obligation language in a contract left the Landlord without Additional Insured protection from their contractor.

In the case of Seven Up Realty vs AJ Greenwich Contracting, the contract that Seven Up had with Greenwich did not **REQUIRE** Greenwich

to name Seven Up as an Additional Insured on their General Liability or Umbrella. Not only is this a requirement of coverage, but we suggest, that the actual form of Additional Insured endorsement be specified, especially if the Landlord is expecting Additional Insured coverage for ongoing AND completed operations. Nevertheless, whoever drafted and reviewed Seven Up's contract did not incorporate this language.



Instead, Seven Up relied on a Certificate of Insurance to confirm coverage, which was a mistake on their part.

The Contractor's carrier denied the claim and pointed to some very important, and often overlooked, language in any Certificate of Insurance:

It is very important to have a process in place where the contract draft and execution contains language that is critical to triggering the protection that the "upstream party" is expecting from the "downstream party". It is also crucial that a comprehensive vendor compliance process is implemented so that "evidence of insurance" is not, merely, a certificate. Based on the above, we know how well that can work out - NOT! One of the most fundamental procedures any company can employ for their risk management strategy is a strong contractual risk transfer program in combination with a comprehensive [vendor compliance program](#). Having these two processes in place will ensure that the company is gathering the necessary forms and endorsements which will confirm that they are compliant with their contractual obligations.

Here is a link to [the case](#) noted above, in the event anyone would like to read more.

If you need more information on any of the topics covered in this blog, or need help addressing any risk related issues please contact [Albert Sica, Managing Principal](#), at 732.395.4251 or [asica@thealsgroup.com](mailto:asica@thealsgroup.com).

Topics: [Claims Management](#), [Claims Management Process](#), [Contracts](#), [Coverage Review](#), [Insurance](#), [Risk Management Blog](#), [COI Compliance](#), [risk transfer](#)