



THE RISK MANAGER'S GUIDE:

SPOTTING AND RESOLVING COMMON
DISCREPANCIES ON COIS

WAYS TO APPROACH COI RISK MITIGATION COMPLETE WITH
FRAMEWORKS, TOOLS AND TEMPLATES

INTRODUCTION

FOLLOW THESE BEST PRACTICES
TO ENSURE YOUR CONSTRUCTION
PROJECTS ARE FULLY COVERED
AND AVOID ANY POTENTIAL
INSURANCE CAPS OR DISPUTES.

Certificates of Insurance (COIs) are critical documents in construction project management, but verifying their accuracy and completeness can be a challenging task. In this guide, we'll outline some of the most common discrepancies we've seen on COIs, along with tips for spotting and resolving them. By following these best practices, you can ensure that your projects are fully covered and avoid any potential insurance gaps or disputes.

By following these best practices and staying vigilant about potential discrepancies on COIs, you can protect your projects and ensure that your construction company is fully covered at all times. For more information and resources on risk management in construction, please don't hesitate to reach out to us.

THE BREAKDOWN OF OUR 3 MAIN SECTIONS:

Section 1: Understanding COI requirements and common mistakes

- Overview of the insurance coverage required for most construction projects
- Common mistakes made by contractors and subcontractors when submitting COIs
- Best Practices for setting up clear and consistent COI requirements and expectations



Section 3: Resolving discrepancies and ensuring compliance

- Strategies for addressing discrepancies and resolving any issues with COIs
- Best practices for communicating with contractors and subcontractors about their COIs
- Tips for staying up-to-date on renewals and changes to insurance requirements

COLLABORATION IS THE KEY TO RESOLUTION. AT THE END OF THE DAY YOU SELECTED YOUR SUB BECAUSE YOU NEED A JOB DONE. SO WORKING TOGETHER TO MAKE DECISIONS ON RISK IS CRITICAL.

Section 2: Spotting discrepancies in COIs

- How to review COIs for completeness and accuracy
- Red flags to look out for, including missing information, incorrect dates or amounts, and invalid policies
- Tips for conducting due diligence on insurers and verifying coverage

A PRACTICAL MODEL WITH BEST PRACTICES FOR ENSURING YOUR PROJECTS ARE PROPERLY COVERED

SECTION 1

UNDERSTANDING COI REQUIREMENTS AND COMMON MISTAKES

OVERVIEW OF THE INSURANCE COVERAGE REQUIRED FOR MOST CONSTRUCTION PROJECTS

Construction projects of all sizes and types require insurance coverage to protect against a wide range of risks and liabilities. Understanding the types of coverage that are typically required for construction projects can help you ensure that your company is fully protected and in compliance with regulatory and contractual requirements.

Here are some of the most common types of insurance coverage required for construction projects:

QUICK LISTS:

- **GENERAL LIABILITY INSURANCE**
 - **WORKERS COMPENSATION**
 - **COMMERCIAL AUTO**
 - **PROFESSIONAL LIABILITY (E&O)**
 - **UMBRELLA INSURANCE**
-

General Liability Insurance: This type of insurance provides coverage for bodily injury or property damage caused by accidents or negligence during construction work. General liability insurance typically covers legal defense costs and settlements or judgments against the company.

Workers Compensation Insurance: This type of insurance provides coverage for bodily injury or property damage caused by accidents or negligence during construction work. General liability insurance typically covers legal defense costs and settlements or judgments against the company.

Commercial Auto Insurance: This insurance covers vehicles used for business purposes, such as transporting material or equipment to the construction site. Commercial auto insurance typically provides coverage for liability, collision, and comprehensive damage.

Professional Liability Insurance: This insurance also known as errors and omissions (E&O) insurance, provides coverage for claims of professional negligence or mistakes. Professional liability insurance is typically required for architects, engineers, and other professionals involved in the design or planning of construction projects.

Umbrella Insurance: This type of insurance provides additional coverage beyond the limits of other policies. Umbrella insurance can be useful for construction projects with high levels of risk or liability.



NATURALLY THERE IS NO ONE-SIZED FITS ALL LIST FOR TYPES OF INSURANCE. UNDERSTANDING THESE COMMON ONES, HOWEVER IS YOUR FIRST STEP IN MANAGING YOUR REQUIREMENTS AND COI COLLECTION PROCESS WELL.

In addition to these types of insurance, construction companies may also be required to carry specialized coverage for specific types of projects or risks. For example, environmental insurance may be required for projects that involve hazardous materials or contamination risks.

When collecting Certificates of Insurance (COIs) from contractors and subcontractors, it's important to ensure that all required insurance coverage is in place and meets your company's minimum requirements. By verifying that all necessary coverage is in place and up-to-date, you can help protect your construction projects and avoid potential disputes or gaps in coverage.

7 COMMON COI MISTAKES

WHAT WE'VE FOUND AFTER TRACKING SEVERAL HUNDRED COIS

1. CHECK THE INSURED NAME:

Ensure that the insured name on the COI matches the name of the contractor or subcontractor submitting the COI. If the name is incorrect or misspelled, the insurance policy may not apply to the correct entity, which can cause a problem later on.

2. VERIFY INSURANCE CARRIER AND POLICY NUMBER:

Check that the insurance carrier and policy number on the COI match the policy that the contractor or subcontractor claims to have. It's important to verify that the policy is still in effect and has not expired or been canceled.

3. CONFIRM COVERAGE DATES:

Verify that the COI clearly shows the effective and expirations dates of the policy. Coverage should be in place for the entire length of the construction project.

4. ENSURE PROPER COVERAGE TYPES AND LIMITS

Verify that the COI clearly shows the effective and expirations dates of the policy. Coverage should be in place for the entire length of the construction project.

5. CHECK FOR ADDITIONAL INSURED ENDORSEMENTS

Ensure that the COI includes any required additional insured endorsements, which provide coverage to other parties besides the contractor or subcontractor. These endorsements are often required by project owners, general contractors, or other entities involved in the construction project.

6. REQUEST WAIVER OF SUBROGATION

Request that the COI includes a waiver of subrogation endorsement, which prevents the insurance company from pursuing a claim against the contractor or subcontractor's client or other parties involved in the construction project.

7. ENSURE PROPERLY COMPLETED COI FORMS

Confirm that the COI has been properly completed with all required fields filled out correctly. Some common errors include missing signatures, incorrect dates, or missing policy numbers.

By following this checklist, you can help ensure that all COIs are complete accurate, and meet your company's minimum insurance requirements. Verifying COIs is an integral part of the risk management process for construction projects, and it can help protect your company and minimize potential disputes or claims.

TIPS CONTINUED...

REVIEW CONTRACT REQUIREMENTS:

Always review the contract requirements for each construction project and ensure that all insurance requirements are clearly stated. Be sure to include in your contract any required types of coverage, minimum coverage amounts, endorsements, and any additional insured or waiver of subrogation requirements.

STANDARDIZE REQUIREMENTS:

When at all possible develop standardized COI requirements that can be used across all projects. This will help ensure consistency and make it easier for contractors and subcontractors to understand what is expected of them. Some companies standardize their requirements based on the level of risk the contractor / subcontractor poses to your project.

COMMUNICATE EXPECTATIONS:

The practice of communicating your COI requirements clearly and regularly to all contractors and subcontractors involved in construction projects. Be sure to verify they understand the types of coverage and minimum limits required, as well as any additional insured or waiver of subrogation requirements.

UTILIZE TECHNOLOGY:

Consider implementing technology to streamline the COI collection and verification process. There are software platforms available that can automate COI tracking, provide reminders for renewals and flag any discrepancies or missing information.

SET DEADLINES:

Advise subcontractors and contractors that there is a COI submission deadline. Enforce these deadlines and consider penalties for consequences for contractors who fail to submit COIs on time.

ASSIGN RESPONSIBILITY:

Be sure you have a person or team dedicated to the collection, verification and communication around COIs. This will help ensure that the process is managed consistently and efficiently. Outsourcing this process to a team of professionals is another option. Be sure to get reports and have someone within your company that sees reports and takes action when needed. Regularly monitor your compliance with COI requirements and verifying that all contractors and subcontractors are up-to-date on their coverage. This will help identify any potential issues early and minimize potential disputes or claims that fall on your company.

SECTION 2

SPOTTING DISCREPANCIES IN COIS



TIPS FOR REVIEWING COIS LIKE A PRO

CAN'T MISS TIPS FOR ANYONE WHO DEALS WITH COIS AT WORK

Review each page:

Carefully review each COI along with the endorsements and all other required information. Verify its accuracy, with special attention to the policy effective and expiration dates, as well as the types of coverage and policy limits.

Verify policy number:

Check that the policy number on the COI matches the policy that the contractor or subcontractor claims to have. You can also call the carrier listed on the COI to verify the issue and expiration date.

Check insured name:

Review the named insured is the same as the name of the contractor or subcontractor. If the name is misspelled or incorrect, the insurance policy may not apply to the correct entity, which can cause problems later on.

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TIPS CONTINUED...

Identify additional insureds:

Review the additional insured endorsement is present and confirm that the correct entities are listed. Verify the proper language is included to match the contractual requirements.

Request waiver of subrogation:

Request that the COI includes a waiver of subrogation endorsement, which prevents the insurance company from pursuing a claim against the other parties involved in the construction project. Waiver of subrogation is common on general liability, automobile liability, and workers compensation coverages.

Verify insurance carrier:

Many companies include the lowest AM Best rating for carriers that they accept. AM Best ratings ensure financial stability and reliability of the carrier. This verification helps protect the company from potential liabilities and ensures that the subcontractors insurance will be effective when needed.

Follow up on discrepancies:

If a discrepancy is found or information is missing on the COI, follow up with the contractor or subcontractor to obtain the correct information. Be sure to document any follow-up and communicate any changes to relevant parties.

Incorporating and understanding these tips can help ensure that your COI review process is thorough and consistent. This will help protect your company, your projects, and minimize potential disputes or claims.

7 RED FLAGS TO WATCH OUT FOR

WHAT WE'VE CAUGHT AFTER TRACKING SEVERAL HUNDRED COIS

1. THE “I DON’T KNOW” POLICY:

If a COI lists the policy as “I don’t know,” it’s safe to assume that the contractor or subcontractor doesn’t know what they’re doing. Make sure they provide a valid policy number and carrier name.

2. THE “EXPIRED YESTERDAY” POLICY:

If a COI has an expiration date that was yesterday, it’s time to get worried. Verify that the policy has been renewed and is up-to-date.

3. THE “WRONG NAME” POLICY:

If the name on the COI doesn’t match the contractor or subcontractor submitting the COI, it’s time to double-check the policy. Ensure that the policy applies to the correct entity to avoid potential disputes.

4. THE “BLANK SPACES” POLICY:

If the COI has blank spaces or missing information, it’s time to follow up with the contractor or subcontractor to obtain the missing information. Don’t assume that the missing information is not important.

5. THE “WRONG AMOUNT” POLICY:

The COI shows coverage amounts that are below the required minimums agreed upon in the contract. Communicate with the contractor or subcontractor that the coverage needs to meet or exceed the minimum requirements specified in the contract.

6. THE “UNKNOWN INSURANCE CARRIER” POLICY:

If the COI lists an insurance carrier that you’ve never heard of, it’s time to do some research. Verify that the insurance carrier is authorized to do business in your state and has a good reputation.

7. THE “PENNY WISE, POUND FOOLISH” POLICY:

The COI has coverage amounts that seem too good to be true, it’s time to be cautious. Verify that the coverage is adequate for the size and scope of the project to avoid potential gaps in coverage or to identify a falsified COI.

Having a keen eye on these red flags, you can help ensure that you’re reviewing COIs thoroughly and minimizing potential risks and liabilities. Don’t let these red flags catch you off guard!

ADVICE FROM THE FIELD

TIPS FOR CONDUCTING DUE DILIGENCE ON INSURERS AND VERIFYING COVERAGE

Check Insurance Ratings: Verify the financial stability of the insurance carrier by checking its rating with major credit rating agencies, such as A.M. Best or Moody's. An insurance carrier with a high rating is more likely to be financially stable and able to pay claims.

Research the Carrier's Reputation: Research the reputation of the insurance carrier by checking online reviews or talking to other risk managers in your industry. Make sure the carrier has a good track record of paying claims and providing quality customer service.

Verify Carrier Licensing: Verify that the insurance carrier is licensed to do business in your state. Check with your state's insurance department to ensure that the carrier is authorized to sell insurance in your state.

Confirm Policy Endorsements: Confirm that any required additional insured endorsements or waivers of subrogation are included on the COI. These endorsements should be reviewed carefully to ensure they meet the requirements of the contract.

Check Policy Exclusions: Check the policy exclusions to ensure that they do not exclude coverage for the specific risks or hazards involved in the construction project. For example, if the project involves hazardous materials, make sure the policy does not have a pollution exclusion.

Verify Policy Limits: Verify that the policy limits meet or exceed the minimum requirements specified in the contract. If the policy limits are too low, it could leave your company exposed to potential risks and liabilities.

Request a Certified Copy of the Policy: Request a certified copy of the policy from the contractor or subcontractor, which can provide more detailed information on the coverage and any exclusions or endorsements. This can help you verify that the COI accurately reflects the policy and the coverage in place.

By following these best practices, you can help conduct due diligence on insurers and verify coverage to ensure that your construction projects are adequately protected.

SECTION 3

RESOLVING DISCREPANCIES AND
ENSURING COMPLIANCE



THE DANGERS OF CONTRACTORS FAILING TO RENEW THEIR POLICIES

WHICH HAPPENED THOUSANDS OF TIMES ACROSS OVER TWO MILLION LINES OF COVERAGE IN 2022

Contractors and subcontractors are required to maintain insurance coverage throughout the entire length of a construction project. However, it's not uncommon for contractors to let their policies lapse, either intentionally or unintentionally. When a contractor's policy lapses, it can leave all parties involved in the construction project exposed to significant risks and liabilities.

Here are some of the dangers of contractors failing to renew their policies:

Legal Liabilities: When a contractor's policy lapses, it can leave them vulnerable to legal liabilities. If an accident or other incident occurs on the construction site, the contractor may be held personally liable for any damages or injuries that occur.

Disputes and Delays: A contractor's policy lapse can lead to disputes and delays in the construction project. If a contractor is unable to obtain insurance coverage, they may not be able to fulfill their contractual obligations or meet project deadlines.

Loss of Business: A contractor's policy lapse can also result in a loss of business. If a contractor is unable to obtain insurance coverage, they may not be able to secure new projects or retain existing clients.

Risk of Property Damage or Loss: Without proper insurance coverage, a contractor may not be able to cover the costs of any property damage or loss that occurs during the construction project. This can leave property owners and other parties exposed to significant financial risks.

IF YOU DISCOVER THAT A CONTRACTOR'S POLICY HAS LAPSED, IT'S IMPORTANT TO FOLLOW UP IMMEDIATELY AND ENSURE THAT COVERAGE IS REINSTATED. CONSIDER REQUIRING ADDITIONAL INSURANCE OR HIGHER COVERAGE LIMITS TO HELP MITIGATE POTENTIAL RISKS AND LIABILITIES.

To avoid these dangers, it's important to verify that all contractors and subcontractors have up-to-date insurance coverage throughout the entire length of the construction project. This can be done by requiring Certificates of Insurance (COIs) and verifying that the coverage is in effect and up-to-date. In addition, it's important to set deadlines for COI submission and to enforce these deadlines to ensure that coverage is maintained throughout the project.

7 BEST PRACTICES

FOR COMMUNICATING WITH CONTRACTORS AND SUBCONTRACTORS ABOUT THEIR COIS

1. SET DEADLINES

Set deadlines for COI submission and make sure all contractors and subcontractors are aware of the deadlines. Enforce these deadlines and consider penalties or consequences for contractors who fail to submit COIs on time.

2. USE TECHNOLOGY

To streamline the COI collection and verification process. There are software platforms available that can automat COI tracking, provide reminders for renewals, and flag any discrepancies or missing information.

3. UTILIZE PROFESSIONALS

Many companies will outsource or hire a professional who understands mitigating risk through collection and verification of COIs. Outsourcing to professionals can prove to be beneficial both in cost and in expertise.

4. PROVIDE RESOURCES

Providing resources to contractors and subcontractors to help them understand the COI requirements and how to obtain the required coverage. This can include a checklist, guides and other educational materials.

5. BE PROFESSIONAL AND COURTEOUS

When communication with contractors and subcontractors about their COIs, be professional and courteous. Avoid using threatening or confrontational language and work to resolve any issues in a collaborative manner.

6. BE CLEAR AND SPECIFIC

Clearly communicate and make sure contractors and subcontractors understand what types of coverage are required, the minimum limits to work on your site, and any additional insured or waiver of subrogation requirements.

7. ASK YOUR BROKER FOR RESOURCES

Many insurance brokers offer services to help aid in the efforts of mitigating your third-party risk. They may also have access to helpful resources and connections to get your COI tracking process online.

Incorporate this checklist into your standard practices and you'll find that dealing with subcontractor compliance becomes much more manageable.

TEMPLATES

EMAIL TEMPLATES FOR COMMUNICATING EFFECTIVELY

Email Template 1: Requesting a COI from a Contractor or Subcontractor

Subject: Request for Certificate of Insurance

Dear (Contractor/Subcontractor Name),

We are in the process of reviewing the insurance coverage for our construction project and require a valid Certificate of Insurance (COI) from all contractors and subcontractors involved in the project. Please provide a current COI that shows the required types of coverage, minimum limits, and any additional insured or waiver of subrogation requirements.

The COI must be submitted no later than (insert deadline). Please email the COI to (insert email address) and copy (insert additional email address).

Thank you for your attention to this matter.

Sincerely,

(INSERT YOUR NAME)

Email Template 2: Communicating non-compliance with a COI

Subject: Issue with Certificate of Insurance

Dear (Contractor/Subcontractor Name),

We have reviewed the Certificate of Insurance (COI) that you provided for our construction project and have identified some discrepancies and missing information. Specifically, (insert the specific issues with the COI).

Please provide an updated COI that accurately reflects the required coverage and addresses the issues identified. The updated COI must be submitted no later than (insert deadline). Please email the updated COI to (insert email address) and copy (insert additional email address).

Thank you for your attention to this matter.

Sincerely,

(INSERT YOUR NAME)

TEMPLATES

EMAIL TEMPLATES FOR COMMUNICATING EFFECTIVELY

Email Template 1: Upcoming Insurance Expiration

Subject: Upcoming Certificate of Insurance Expiration

Dear (Contractor/Subcontractor Name),

We wanted to remind you that your current Certificate of Insurance (COI) will expire on (insert date). Please provide an updated COI that shows the required types of coverage, minimum limits, and any additional insured or waiver of subrogation requirements.

The COI must be submitted no later than (insert deadline). Please email the updated COI to (insert email address) and copy (insert additional email address).

Thank you for your attention to this matter.

Sincerely,

(INSERT YOUR NAME)

Many compliance managers utilize automated systems that allow these emails to be auto customized to the contractor/subcontractor so no manual changes are needed. And the system automates the follow up for missing documents as well as follow up for expiring documents.

4 FINAL TIPS ON COI AND INSURANCE MANAGEMENT FROM INDUSTRY EXPERTS

Between the hundreds of thousands of COIs we've reviewed over the last several years and the commitment we've made to the risk management community to support a better way together, we've learned a thing or two about COI and insurance management. We'd like to share our last 4 tips with you, curated from what we've heard from risk managers.

Maintain Accurate Records:

Keep accurate records of all insurance policies, renewals, and changes to insurance requirements. This can include keeping electronic copies of all COIs and policies, maintaining a calendar of renewal dates, and noting any changes to coverage or requirements. This could also include utilizing technology to collect, validate, store, and track coverages and expiration dates.

Review Contracts Regularly:

Review contracts and agreements regularly to ensure that insurance requirements are up-to-date and meet the needs of the project. If changes are necessary, communicate these changes to all parties involved in the project and make sure they are reflected in the COIs and policies.

Follow Industry News and Regulations:

Stay informed about industry news and changes to regulations that may impact insurance requirements. This can include subscribing to industry newsletters and publications, attending industry conferences and events, and networking with other risk management professionals.

Utilize Technology:

Consider utilizing technology to automate the tracking of COIs, policies, and renewals. There are software platforms available that can provide reminders for upcoming renewals, flag changes to insurance requirements, and help manage the COI collection and verification process.