

City of Toledo requires the Certificate of Liability Insurance with every contract.

What Is Certificate of Liability Insurance?

If you own a business, liability insurance protects you if there's an accident or injury in your workplace or caused by one of your employees. Your general liability policy also protects any other business that hires you as a subcontractor. If you cause an accident or damage property while you're working as a subcontractor, your liability insurance pays the bill, and the company you're working for isn't held liable for the damages. If you subcontract with other companies, or you hire subcontractors as part of your business, a certificate of liability insurance serves as proof of insurance coverage.

Liability Insurance

Depending on the type of work you do, you may have more than one type of liability insurance. A general liability policy protects you from many potential losses, including a lawsuit by a customer who slips inside your store and a mistake by a worker who damages someone's property. It could protect you in most lawsuits you might encounter as a business person, including libel and slander.

Professional liability insurance protects you from malpractice or errors you might make in your profession. Doctors carry professional malpractice insurance, but certified public accountants, engineers and other professionals do too. Your state may require you to have professional liability insurance to practice your profession. If you manufacture and distribute a product, you may have product liability insurance to protect you from any potential harm the product may cause.

Certificate of Insurance

A certificate of liability insurance provides the basics about your insurance coverage on a single page. Rather than having to read through your entire insurance policy, a business that wants to subcontract work to you can find everything it needs to know on one page: your policy number, the name of your agent, the types of coverage and coverage limits and the dates the policy is in effect. If you hire a subcontractor, the certificate of liability insurance is your reassurance that the company is insured and you'll be protected in the event of an accident.

Receiving the Certificate

When a potential contractor requests a certificate of liability insurance from you, contact your insurance company and ask that a copy of your certificate be sent to the person who requested it. This provides an extra level of reassurance against fraud, because the certificate comes from your insurance company, not from you. Likewise, when you request a certificate of liability insurance from a potential subcontractor, it should come from her insurance agent, not from her. If you still have concerns, call the agent listed on the policy to verify insurance coverage.

Why You Need a Certificate

If a subcontractor you hire causes damage to equipment you own and you want to make a claim, all the information you need will be on the certificate of liability insurance you should have on file. Your insurance company may also require you to obtain certificates of liability insurance from any subcontractors you use and keep them on file. Your insurance company has the right to audit you and request these certificates. If your insurer finds you are using uninsured subcontractors or that you don't have certificates for all your contractors, it can assess an additional premium or it might drop your insurance coverage.