



# Certificate of Insurance

## Are Third Parties Covered When Using Church Facilities or Working on Church Property?

In a general statement, third parties are covered under your general liability policy if they were to have a minor incident on premise however it is strongly recommended that the church require Certificates of Insurance, where the church is named as an additional insured and also for an Indemnity and Hold Harmless Agreement to be put in place.

This procedure is to protect your church from payment of third-party use claims should an incident occur on church property.

A Certificate of Insurance should be required from every contractor performing a service on your premises or any outside user of the church facilities. Settlement of a loss caused by the contract or third-party user is the responsibility of that contractor's or groups insurance carrier.

## What is a Certificate of Insurance?

A Certificate of Insurance is a document which is issued by an insurance company or your insurance broker on your behalf, to a third party. This document verifies the third party carries insurance and what restrictions (e.g., deductibles or exclusions) apply to the policy.

## When Should a Certificate be Issued?

A certificate should be issued when a group/contractor contracts with the church for building use or to perform work on a building. Certificates are proof of insurance; they simply verify the party has insurance coverage at the time of contract. It is important that certificates be requested as new contracts are developed or if a contract is up for renewal.

## Is the Church Liable?

You may be held liable for negligent acts of a third party acting on your behalf, as they may not have insurance or they have insufficient insurance. In the event the third party does not have insurance or adequate limits, you may be called upon to pay for defenses and damages should a claim occur on church property.

## How Do I Know if the Third Party Has Adequate Limits?

It is recommended the third party carry (at minimum) the same limits as the church and also names the church as an additional insured on their policy. There is no hard and fast rule as to limits, just remain aware the severity or of an injury or damage will dictate whether your policy will become excess to the responsible party's policy if they carry inadequate limits.

If you are unsure if limits are adequate, please contact the Gallagher Service Center.

## How Do I Review a Certificate of Insurance and What Do I Look For?

The Certificate of Insurance should contain the following type of information:

- Type of insurance coverage
- Policy number for each line of coverage (to include policy effective and expiration dates)
- Policy limits
- Description of the job location
- Name and address of the certificate holder—the church's name and address should be shown as an additional insured on the certificate with copies submitted for the church records
- Certificates are often issued with a 10-day cancellation policy, try to amend this to 30–60 days

## Ministry Protection Memo

“MPM” is a series on various topics relative to Church and safety. Send your comments and interests to Northern Illinois Conference of the United Methodist Church's Director of Risk Management.

## CONTACT INFORMATION

### Arthur J. Gallagher & Co.

Religious Practice

2850 Golf Rd.

Rolling Meadows, IL 60008

888.285.5106

religiouspractice@ajg.com

or

### Dwayne Jackson

Director of Risk Management

Northern Illinois Conference of the

United Methodist Church

312.783.5945

djackson@umcnic.org

“A Certificate of Insurance should be required from every contractor performing a service on your premises or any outside user of the church facilities.”

- Signature of authorized representative of the third party's insurance carrier

We have attached a sample Certificate of Insurance for you to review and also a checklist to assist you in your review process.

### Do We Need a Hold Harmless Agreement?

It is always an excellent precautionary to require an Indemnity and Hold Harmless Agreement in conjunction with a Certificate of Insurance as it provides additional contractual language to protect the church.

We have included a sample Indemnity and Hold Harmless Agreement for you to review.

### Certificates of Insurance Checklist

This sample is not a substitute for legal or risk management advice about contracts, limits and coverage as they apply to specific projects.

Date: \_\_\_\_\_

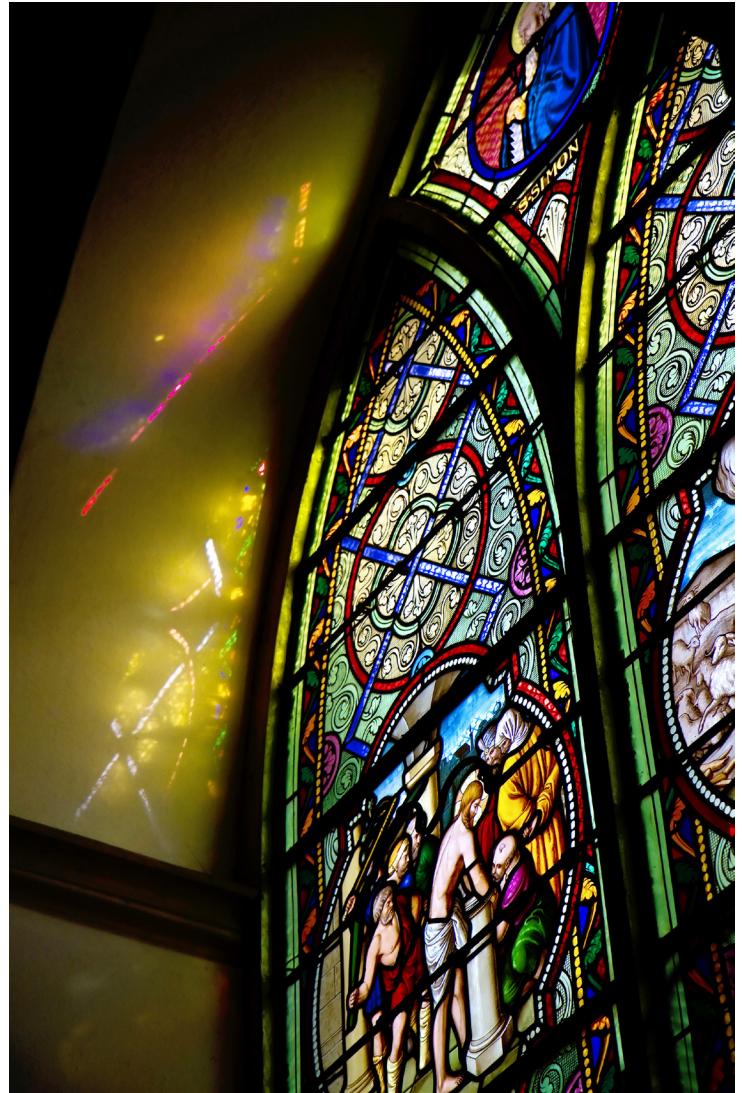
Prepared by: \_\_\_\_\_

Dept.: \_\_\_\_\_

Name of Contractor/Facilities User: \_\_\_\_\_

Contract or Facility Use Dates: \_\_\_\_\_

- Insurance Carrier is acceptable
- Insured name = name on the contract or use agreement
- Liability coverage limits are adequate
- Liability coverage limits = contract or use agreement
- Liability coverage dates cover contract term or use agreement
- Vehicle coverage limits are adequate
- Vehicle coverage limits = contract or use agreement
- Vehicle coverage dates cover contract term or use agreement
- Excess coverage limits are adequate
- Excess coverage limits = contract or use agreement
- Excess coverage dates cover contract term or use agreement
- Workers Compensation coverage dates cover contract term or use agreement term
- Property coverage limits are adequate
- Property coverage limits = contract or use agreement
- Property coverage dates cover contract term or use agreement
- Employers Liability coverage is indicated
- Certificate Holder name and address is correct
- Additional Insured name is correct
- Cancellation notice is correct
- Set up dates for follow-up on expiration dates
- Bonds checked (if applicable)



*The Ministry Protection Memo (MPM) series is offered as an educational tool in support of Northern Illinois Conference of the United Methodist Church's property and casualty insurance program to help you develop loss control procedures to suit your specific needs. With these publications, Northern Illinois Conference of the United Methodist Church does not seek to establish a particular standard of care or to promote legal advice. We encourage church leaders to consult with competent attorneys with regard to their specific loss control need. Northern Illinois Conference of the United Methodist Church encourages reproduction and distribution of this MPM within denomination.*



## IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

## DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

## Sample Indemnity and Hold Harmless Agreement

(Contractor / Third Party User) agrees to indemnify and hold harmless (Church), and their agents and employees / volunteers, from and against all claims, including those arising out of strict liability, for damages, losses and expenses, including reasonable attorney fees in case it is necessary to file an action arising out of performance of the work / use herein, which is 1) for personal or bodily injury, illness or death, or for property damage, including loss of use, and 2) caused in whole or in part by (Contract / Third Party User) negligent act or omission or that of a subcontractor, or that of anyone employed by them or for whose acts contractor or subcontractor or third party may be liable. This indemnification and agreement shall apply in all instances whether (Church) is made a party to the action or claim or is subsequently made a party to the action by third-party in-pleading or is made a party to a collateral action arising, in whole or in part, from any of the issues emanating from the original cause of action or claim.

Signature:

Contractor, Individual, Group, etc.

Date: