TECHNICAL BRIEF — PART 2 OF 4

How to Read a Subcontractor's Insurance Certificate Before You Sign Anything

The five fields that protect you — and the three red flags that mean you are unprotected even with a valid certificate

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Start Here: The Document That Actually Protects You

Before you read anything else in this brief, know this: the Certificate of Insurance (COI) is NOT the document that protects you. The actual policy endorsement is.

The COI is a summary. The endorsement is the contract. When they conflict, the endorsement wins — every time, in every court. The most important action you can take before any subcontractor starts work is requesting the actual AI endorsement from the sub's carrier, not just reviewing the certificate.

This brief walks you through both — what to look for on the COI, and what to demand from the carrier directly.

> **A Certificate of Insurance tells you a policy existed when the certificate was printed. The endorsement tells you whether you are actually covered.**

What a COI Is — and What It Is Not

The standard COI form used across the industry is the ACORD 25. It is produced by the subcontractor's insurance agent and summarizes the key terms of the sub's policies.

What it shows: carrier name and policy number, policy dates, coverage types and limits, whether you are listed as Additional Insured, whether a Waiver of Subrogation applies.

What it does NOT do: it does not bind coverage. The ACORD 25 form itself states explicitly that it 'confers no rights upon the certificate holder.' If the certificate says you are Additional Insured but the underlying endorsement does not name you — you are not covered.

The Schedule Pressure Problem

> In the real world, subs show up Monday and can't produce the AI endorsement until Wednesday. Here is the risk calculus: if an uninsured incident occurs between Monday and Wednesday, you bear the exposure. The fix is simple — include a 72-hour insurance documentation requirement in your subcontract as a condition of work authorization. No verified COI and endorsement = no Notice to Proceed. Make it a document requirement, not a conversation.

The Five Fields Every GC Must Verify

1. Carrier Financial Rating

Look up the carrier on the NAIC Producer Database (naic.org — free public access). Require a minimum AM Best rating of A- (Excellent). A carrier rated B+ or lower may not have the financial capacity to pay a large claim. The NAIC database is free; AM Best requires registration but offers basic lookups at no cost.

2. Policy Dates

Confirm the policy covers the ENTIRE project duration. A policy expiring in 60 days on a 6-month project means you are unprotected for the final 4 months. Require a renewal certificate 30 days before expiration — write this into your subcontract.

3. Coverage Limits

Residential and light commercial minimum: $1M per occurrence / $2M aggregate General Liability. Larger commercial: $2M/$4M or higher. The aggregate is the annual cap — multiple claims erode it. Verify the per-occurrence AND the aggregate, not just one.

4. Additional Insured Status (most critical field)

Confirm you are listed as Additional Insured on the General Liability policy. A blanket AI endorsement (triggered automatically by your contract) is stronger than a scheduled endorsement (requires your name to be manually added and can be missed or misspelled). Request the actual endorsement document — not just the certificate field.

5. Waiver of Subrogation

Without this, the sub's carrier can pay a worker's comp claim and then sue you for contribution. Require it on the certificate AND verify it appears in the policy endorsements. Both must confirm it — certificate alone is not sufficient.

The Additional Insured Trap — Blanket vs. Scheduled

There are two types of AI endorsements. The difference can determine whether you are protected or not:

Blanket AI Endorsement (automatically triggered by contract — the stronger form): Any party your subcontract requires to be named as AI is automatically covered. No manual addition needed. Common form references: CG 20 33, CG 70 24 03 09.

Scheduled AI Endorsement (manually added — higher risk of error): Your name must be added to the policy manually by the agent. If they forget, use the wrong entity name, or miss a policy renewal, you

are not covered — even if the certificate says you are.

> **The certificate says Additional Insured. The endorsement does not include your entity name. The carrier denies your claim. This is not hypothetical — request the endorsement document directly.**

How to get it: ask the sub's agent for a copy of the AI endorsement for your specific policy. It is a one-page document. If they cannot produce it within 24 hours, treat the coverage as unverified.

Three Red Flags — You Are Unprotected Even With a Valid COI

■ Certificate Expiration Precedes Your Project End Date

A policy expiring before your project is complete means an uninsured sub for the remainder of the job. Require a renewal certificate 30 days before expiration — written into your subcontract as a contractual obligation.

■ You Are Listed as Certificate Holder Only — Not Additional Insured

Certificate holder means you receive cancellation notice. It does NOT mean you are covered. These are two entirely different designations. If the certificate does not explicitly state 'Additional Insured' in the description box — you are not an AI, regardless of your subcontract language.

■ Carrier Listed as 'Various' or Policy Number Missing

A certificate with 'various' as the carrier or a missing policy number cannot be verified. This is sometimes an oversight — and sometimes deliberate. Require complete, specific policy information before issuing a Notice to Proceed.

Pre-Work Insurance Checklist

Confirm all of the following in writing before any subcontractor begins work:

- **■ COI received and dated within the last 30 days**
- **■ Carrier verified — minimum A- (AM Best) or confirmed solvent via NAIC (naic.org)**
- **■ Policy dates cover full project duration including final inspection**
- **■ General Liability limits meet your contract minimum (at minimum $1M/$2M)**
- **■ You are listed as Additional Insured — not just Certificate Holder**
- **■ AI endorsement (actual document, not just COI field) received and reviewed**
- **■ Waiver of Subrogation confirmed on certificate AND in endorsements**
- **■ Workers Compensation coverage confirmed (Georgia: required for 3+ employees)**
- **■ Umbrella/Excess policy confirmed if required by project value**
- **■ Renewal certificate required 30 days before expiration — written into subcontract**

Ducere Construction Services discusses insurance certificate review from a licensed GC's perspective based on 9 years of project experience — not legal advice. Consult a licensed attorney or insurance professional for coverage determinations. Verify carriers at naic.org (free) or ambest.com (404) 565-0631 | korey@ducereconstruction.com | DucereConstruction.com

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