

IMPORTANT INFORMATION

PREVENT UNEXPECTED PREMIUM CHARGES AT FINAL AUDIT GENERAL LIABILITY LIMITS WE REQUIRE FOR SUBCONTRACTORS YOU HIRE

Please read this IMPORTANT INFORMATION notice carefully if you hire subcontractors to perform work for you.

Your General Liability insurance premiums may increase substantially at final audit if your subcontractors do not carry the minimum General Liability insurance limits we require as defined below.

To prevent your General Liability insurance premiums from increasing at final audit, your subcontractors must carry a General Liability policy which is written on an occurrence basis and which provides Limits of Insurance as follows:

- \$ 1,000,000 Any One Occurrence (Coverage A)
- 1,000,000 Any One Person or Organization (Coverage B)
- 1,000,000 Products/Completed Operations Aggregate
- 1,000,000 General Aggregate

In certain exception cases, higher Limits of Insurance than those specified above may be required. Your agent will be notified of these exception cases in writing when they exist.

How This Requirement Can Affect Your General Liability Premium at Final Audit

At final premium audit, we will ask you to provide us with Certificates of Insurance for all subcontractors who worked for you during the policy period, to confirm that they carried the General Liability limits of insurance we require, as stated above.

Work you subcontract to other contractors whose General Liability limits of insurance meet the requirements shown above, will be rated on a subcontract cost basis, which is significantly less expensive for you than treating these subcontract costs as ratable payroll (as described below).

Any subcontractor of yours who carries General Liability limits of insurance less than those stated above, and any of your subcontractors for whom we are not provided Certificates of Insurance will be treated as your employees for rating purposes. The associated subcontract costs will be treated as ratable payroll on your policy resulting in an additional premium charge at final audit.

Prevent Unexpected Premium Charges at Final Audit: Require Evidence Of \$1,000,000 General Liability Limits From All Of Your Subcontractors

To avoid additional premium charges at final audit caused by your subcontract costs being treated as ratable payroll, and to reduce the risk of your General Liability insurance being tapped to cover claims arising out of your subcontractor's work, we urge you to obtain Certificates of Insurance from your subcontractors, prior to their beginning work, evidencing the General Liability limits of insurance stated above. In addition to providing coverage information for their General Liability insurance, these Certificates of Insurance should also provide coverage information for your subcontractor's Automobile, Worker's Compensation, and Umbrella insurance.

Please contact your agent if you have any questions regarding these requirements or if you would like help in determining the adequacy of the insurance carried by any of your subcontractors.