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Beyond the COI

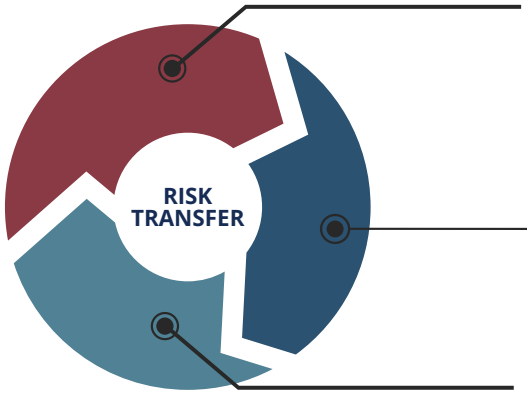
A Practical Approach to Contractual Risk Transfer

A COI is an important risk management tool - but it is only one piece of the puzzle.

Collecting Certificates of Insurance (COIs) from vendors, contractors and service providers is an important practice. But a COI does not, by itself, transfer liability, change policy terms or guarantee that another party's insurance will respond on your behalf if a claim occurs. **That's where contractual risk transfer (CRT) comes in.**

Three Pieces. One Risk Transfer Strategy.

The contract, COI and insurance policy each serve a different purpose - and they need to work together.



CONTRACT

Defines responsibilities

Establishes what each party has agreed to do and how certain risks and responsibilities are allocated.

COI

Verifies insurance

Provides evidence that insurance was in place at a particular point in time.

POLICY + ENDORSEMENTS

Determines how coverage responds

Shows whether required protections are actually provided by the insurance policy.

Why Alignment Matters

01 **A COI is not the contract**

A COI can confirm that insurance exists, but the written agreement establishes what you have required the other party to do.

02 **Requirements should fit the work**

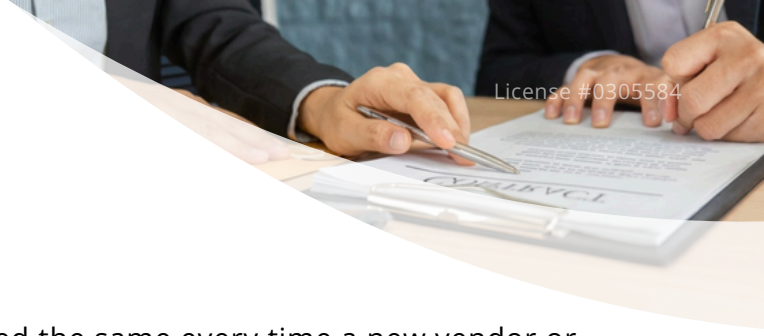
The right insurance requirements depend on the relationship, scope of work and exposure. One standard list does not fit every vendor.

03 **Endorsements matter**

Additional insured status, waivers of subrogation and primary and noncontributory wording may depend on policy endorsements - not simply what appears on the COI.

04 **Timing can matter**

Some blanket protections may depend on having a written agreement in place before the work begins.



Build a Consistent Process

Contractual risk transfer works best when it's handeled the same every time a new vendor or agreement comes across someone's desk. A repeatable process can help make sure the right questions are addressed before work begins.

A PRACTICAL CRT PROCESS CAN INCLUDE

- ☐ Use written agreements appropriate to the relationship and scope of work.
- ☐ Establish insurance requirements based on the exposure.
- ☐ Collect and review COIs before work begins.
- ☐ Obtain supporting endorsements when appropriate rather than relying solely on the COI.
- ☐ Track expiration dates and updated insurance documentation.
- ☐ Review significant contracts with qualified legal counsel.
- ☐ Periodically review your process as operations and vendor relationships change.
- ☐ Involve your insurance team when an agreement contains unfamiliar or significant insurance requirements.

Make Sure the Pieces Work Together

Risk transfer works both ways. When you hire vendors or contractors, your agreements can help establish how risk is allocated. When you sign someone else's agreement, your organization may be accepting liability or insurance obligations of its own.

The goal isn't to transfer every possible risk. It's to understand the obligations your organization is accepting and make sure your contracts and insurance arrangements support those intentions. Before entering into a significant agreement, involve qualified legal counsel and your insurance team to help identify potential contractual and coverage concerns.

Qualified Legal Counsel

Can advise on contract language, indemnification provisions and enforceability.

Your Insurance Team

Can help identify insurance requirements that may create coverage concerns or require changes to your program.

Want the full details?

For additional context and source information, read the complete article at morrisgarritano.com.