



## Update for General and Prime Contractors

### The Narrowing of Coverage from Additional Insured Endorsements

The Insurance Service Office (ISO) provides standard insurance coverage forms used by most insurance companies. As updated forms are released, the older forms are taken out of publication and are generally no longer used by admitted insurance companies, as a result of their licensing agreements with ISO.

In April of 2013, ISO issued several new additional insured endorsement updates that were created in response to recent anti-indemnity legislation that has occurred in many states including California. The April 2013 endorsements add three new limitations as follows:

- Coverage is now limited to the extent permitted by law.
- Coverage is now limited to what is required in your contract, meaning no additional insured coverage applies until a signed subcontract or agreement is in place!
- The Coverage limit is now the lesser of what you require in your contract or what is shown in the declaration page of the subcontractor's policy.

We believe ISO will phase out the 10/01 version of the CG 2010 and 2037 endorsements, and allow the 07/04 version to be available to insurers as current contracts are in force, and work is being done under these coverage edition dates. The new edition forms are now being used by most admitted insurers. Unlike admitted insurers, non-admitted insurers have more flexibility (and versatility) in crafting additional insured forms, as they are not required to obtain prior approval from the State Department of Insurance.

The intent of the new additional insured forms is to eliminate coverage for upstream parties' sole negligence, and to limit the coverage and limits to what is required in the contract. We anticipate it will take several years before a published opinion by the courts interpreting these new endorsements will occur. In the meantime, contractors need to take action and make decisions on their subcontract insurance requirements on the extent of required coverage, minimum required limits, and type of additional insured coverage forms.

We have attached an overview of the standard ISO additional insured endorsements and our suggested subcontractor insurance requirements. We considered how to balance the need to maintain competitiveness at bid time against the need to have the right protection when a claim occurs. We look forward to working with you to develop the right balance of insurance protection for your company.

With the recent indemnity reforms, and now the additional insured endorsement changes, it is more important than ever to look at your strategies for shifting risk to your subcontractors and suppliers. We provide a 1 hour risk training class for estimators and project managers, and we audit your subcontractor certificates twice a year to help ensure proper coverage is in place to protect your interests.

**Contact Jim Untiedt, President, at 408.418.2734, [juntiedt@pentarisk.com](mailto:juntiedt@pentarisk.com), or your Pentaris Risk broker or account executive for more information on *Insurance Update for General Contractors—The Narrowing of Coverage from Additional Insured Endorsements*, or to review your subcontractor insurance requirements. Visit our website at <http://pentarisk.com/>.**

# ISO Construction Industry Additional Insured Endorsements

		Edition Dates				
		04/13	07/04	10/01	03/97	11/85
Form Numbers		No Longer Supported by ISO. Some Insurers Use Variations.				
<b>CG 20 10</b>	Who is insured includes organizations shown in Schedule but only with respect to liability “caused whole or in part by your acts or omissions, or those acting on your behalf in the performance of your ongoing operations for the A/I and... to the extent permitted by law...and will not be broader than which you are required by contract or agreement to provide to the A/I. The most we will pay are limits required by the contract or available in the policy- whichever is less.”	Who is an insured is amended to include... the person(s) or organization(s) shown in the Schedule, but only with respect to liability... caused, in whole or in part by: 1. Your acts or omissions; or 2. The acts or omissions of those acting on your behalf; in the performance of your ongoing operations for the additional insured(s)...	Who is an insured is amended to include... the person or organization shown in the Schedule, but only with respect to liability arising out of your ongoing operations performed for that insured.	Who is an insured is amended to include...the person or organization shown in the Schedule, but only with respect to liability arising out of your ongoing operations performed for that insured.	Who is an insured is amended to include...the person or organization shown in the Schedule, but only with respect to liability arising out of your work” for that insured by or for you.	
<b>CG 20 37</b>	Who is insured includes the person (s) or organization(s) shown in the Schedule caused in whole or in part by “your work” and included in “products-completed operations hazard”...but only applies to the extent permitted by law...and will not be broader than...required by the contract or agreement. The most we will pay are the limits required by the contract, or available in the policy- whichever is less	Who is an insured is amended to include... the person(s) or organization(s) shown in the Schedule, but only with respect to liability... caused, in whole or in part, by “your work”... performed for that additional insured...	Who is an insured is amended to include... the person or organization shown in the Schedule, but only with respect to liability arising out of “your work” performed for that insured...			
<b>CG 20 33</b>	Replaced by CG 20 38 form shown below.	(Essentially the same as above. The only difference is: the endorsement states that coverage ends when the work contracted is complete.)	(Essentially the same as above. The only difference is: the endorsement states that coverage ends when the work contracted is complete.)	(Essentially the same as above. The only difference is: the endorsement states that coverage ends when the work contracted is complete.)		
<b>CG 20 38</b>	Who is an insured includes “any person or organization for whom you are performing operations...and any other person or organization you are required to add as A/I under the contract... in the performance of your ongoing operations...but only to the extent permitted by law... and not broader than required by contract... and with limits no greater than required by contract.					

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