

ARTICLES

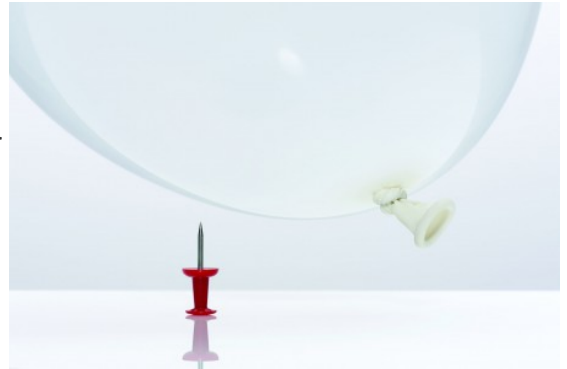
Are you signing on to unnecessary risks?

By Bob Courtemanche

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Successful individuals and families lead fast-paced, dynamic lives. Part of that lifestyle can include situations such as major home renovations, the hosting of elaborate events at luxury venues and loans of treasured artworks to galleries, museums or travelling exhibitions.

The problem is, any of these activities can expose you to unnecessary risk in a seemingly mundane moment—just signing a contractual agreement, for instance.



That's why an important guiding principle of prudent risk management includes ensuring that appropriate responsibility and liability is specifically delineated before you enter into any legal agreement. Is the service provider taking responsibility for his or her own actions? Does this individual have proper insurance in place to protect against unforeseen damage to your property or the well-being of others?

Any contract you get involved in should describe those responsibilities and specify the required insurance.

Contractors

Whether you're doing extensive renovation or an all-new construction project, you will be asked to sign an agreement with the general contractor (GC) responsible for completing the work and hiring sub-contractors. That agreement should require the GC to share his or her certificates of insurance for general liability, umbrella liability and workers compensation insurance.

The liability limits on these agreements should be high enough to cover damage to, or total loss of, your home caused by the contractor's negligence. Your name and the name of the entity that owns the property (if different) should be added as an additional insured on the contractor's policy before the work begins. You don't want to be held responsible for an injury that occurs during construction because a contractor was negligent and didn't carry adequate insurance.

Event Venues

When hosting a wedding or any type of celebration, similar advice applies when you sign contracts with

venues, catering/bartending companies, valet parking services and entertainers. Before signing, again, ask for certificates of insurance for these parties' general/umbrella liability and workers compensation coverage; and ask to be named as an additional insured on the contractor's liability coverages for the day of the event.

Remember that you are the customer in this relationship, and vendors should comply if they want your business. You don't want to be held legally liable if the caterer's negligence causes your guests to have food poisoning, for example.

Art Loans

Packing and shipping are the leading cause of losses to art, so you need to be sure that competent, experienced firms are handling pieces you loan.

When negotiating the loan of a valuable artwork to a gallery, museum or a travelling exhibition, therefore you need to make sure that the loan contract stipulates the process by which the item will be cared for from the time it leaves your home to the time it returns.

The gallery, museum or travelling exhibition should carry adequate insurance for the piece at its fair market value and stipulate in the contract that that borrower will be liable for loss or damage whether or not this museum or gallery has received insurance proceeds.

This is the most comprehensive way to assure your piece is protected, even if it remains on your insurance during the time it's on loan.

If you have questions about any contracts, such as those cited in the examples above, it is best to involve your insurance broker before you sign. Knowledgeable review and guidance can ensure your interests are properly protected and that those you are doing business with take responsibility for their own actions.

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Bob has over 30 years of industry expertise, focusing primarily on the needs of High Net Worth individuals and families. During his career he has held leadership positions with several global insurers including Ace Group, Fireman's Fund, American International Group and Chubb. Bob and his team specialize in building personal and commercial programs for clients with substantial wealth and for Family Offices who serve those clients.

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